

5/25/77 [2]

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/ att.	From Peter Bourne to The President Re: address to the UNICEF Conference (3 pp.) enclosed in Hutcheson to President 5/25/77 OPENED 1/18/13	5/25/77	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec. - Pres. Hand-writing File 5/25/77 [2] Box 27

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
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MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

C

INFORMATION

25 May 1977

TO: THE PRESIDENT

FROM: RICK HUTCHESON *R.H.*

SUBJECT: Summary of Memos, Letters Not Submitted

1. JOAN MASUCK LETTER asking you to look into alleged human rights violations in San Salvador (this has been referred to NSC). Also, informing you that her husband has been transferred to Heidelberg, Germany, and that she and her family will be there for a 3-year Army tour starting in September.
2. WADE MCCREE LETTER thanking you for the birthday greeting to his Mother on her 90th birthday. "It was an electrifying climax to a beautiful birthday." The Solicitor General also enclosed an article about your 90th birthday greeting which was carried in the Detroit Sunday News.
3. PETER BOURNE MEMO informing you that he gave the opening address at the UNICEF meeting in Manila on Monday, including a message from the President. The US has held the Executive Director position at UNICEF for 30 years; this year, the Swedish candidate is in strong competition with the US candidate for Executive Director. Sweden now contributes more to UNICEF than does the USG. Peter says that his presence strengthened the chances of the US candidate. Peter says that he stressed your human rights commitment, both in his UNICEF speech, and in a meeting with President and Mrs. Marcos. The Marcos wished to communicate to you their firm commitment to the pursuit of human rights in the Philippines, according to Peter.

Electronically Made
for [illegible]

THE WHITE HOUSE

WASHINGTON

May 25, 1977

MEMORANDUM TO THE PRESIDENT

FROM: Peter Bourne *P.B.*

SUBJECT: Address to the UNICEF Conference, and meeting with President and Mrs. Marcos.

At the request of Andy Young, I gave the opening address at the UNICEF meeting in Manila on Monday, including your message. In the speech I stressed your concern for the human needs of people throughout the world, and was able to announce the supplemental request for an additional \$5 million for UNICEF. My giving of this speech was part of an overall strategy to get UNICEF to appoint Jim Grant, currently head of the Overseas Development Council as the new Executive Director to replace retiring Henry Labouisse.

UNICEF is the most popular U.N. agency in the U.S., and we have held the Executive Director position for 30 years.

The strong competition for the Executive Director position comes from Sweden which now contributes in direct financial support more to UNICEF than does the U.S. government. The other Nordic nations which also contribute heavily to UNICEF have joined Sweden in proposing the director of the Swedish aid program as the successor to Labouisse. I believe my presence greatly strengthened the United States, and therefore Grant's position.

Later, at their request, I met with President and Mrs. Marcos. I had a long and interesting discussion with them, in which, at Dick Holbrooke's suggestion I pushed the human rights issue very hard. I spent time explaining to them the derivation of your concerns, and also the equal concern you have for meeting the basic human needs of deprived people throughout the world. I felt that Mrs. Marcos, in particular, was very responsive. They both asked me to communicate to you their firm commitment to the pursuit of human rights in the Philippines. I am not sure how much this will really change things, but at least it is a move in the right direction.

Attached is a summary of the meeting prepared by our Charge' Lee T. Stull who accompanied me to the meeting.

PGB:ss

Attachment Confidential

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

May 25, 1977

Bert Lance
Jim Parham

Re: Bill Milliken's Proposal on
The Integration of Human Services

The attached was returned in the President's
outbox and is forwarded to you for your
information and appropriate action.

The signed letters have been given to Bob
Linder for appropriate delivery.

Rick Hutcheson

cc: The First Lady
Jack Warson
Stu Eizenstat

11

WHITE HOUSE
WASHINGTON

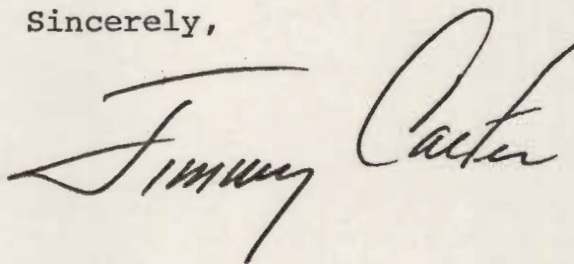
To Secretary Ray Marshall

On March 30, 1977, I approved the proposal described in the attached summary as an experimental effort aimed at developing an integrated system of human service delivery. I have asked Mr. Jim Parham on Jack Watson's staff to coordinate this effort for me.

I understand that discussions with you and other members of your staff already have taken place with regard to your agency's participation. I hope that the project will help lead us toward some sound approaches for more effectively focussing the many public and private programs that now exist in our communities.

I appreciate your assistance with the proposal. Mr. Parham or a representative of the project will contact you immediately to work out details for the first meeting of the Federal Interagency Working Group.

Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive, flowing style. The first name "Jimmy" is written in a larger, more prominent script, and "Carter" follows in a similar but slightly smaller script. The ink is dark and the paper is off-white.

The Honorable Ray Marshall
Secretary of Labor
Washington, D.C. 20210

WHITE HOUSE
WASHINGTON

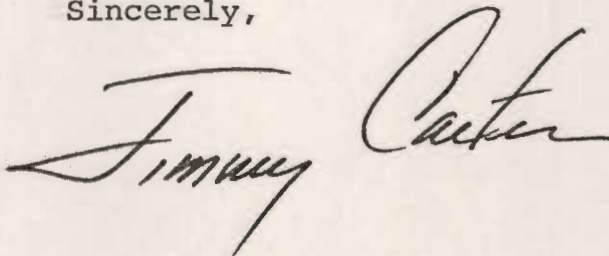
To Secretary Patricia Harris

On March 30, 1977, I approved the proposal described in the attached summary as an experimental effort aimed at developing an integrated system of human service delivery. I have asked Mr. Jim Parham on Jack Watson's staff to coordinate this effort for me.

I understand that discussions with you and other members of your staff already have taken place with regard to your agency's participation. I hope that the project will help lead us toward some sound approaches for more effectively focussing the many public and private programs that now exist in our communities.

I appreciate your assistance with the proposal. Mr. Parham or a representative of the project will contact you immediately to work out details for the first meeting of the Federal Interagency Working Group.

Sincerely,

The image shows a handwritten signature in dark ink. The signature is written in a cursive, flowing style. The first part of the signature, "Jimmy", is written in a more compact, rounded script. The second part, "Carter", is written in a more elongated, sweeping script. The signature is positioned to the right of the word "Sincerely,".

The Honorable Patricia Roberts Harris
Secretary of Housing and
Urban Development
Washington, D.C. 20410

WHITE HOUSE
WASHINGTON

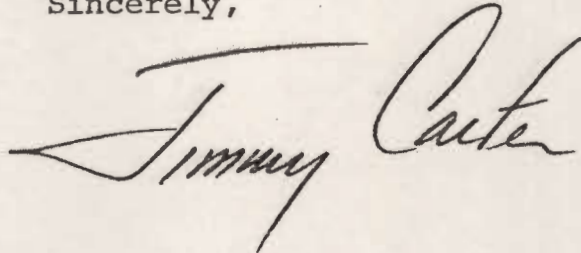
To Director Samuel Brown

On March 30, 1977, I approved the proposal described in the attached summary as an experimental effort aimed at developing an integrated system of human service delivery. I have asked Mr. Jim Parham on Jack Watson's staff to coordinate this effort for me.

I understand that discussions with you and other members of your staff already have taken place with regard to your agency's participation. I hope that the project will help lead us toward some sound approaches for more effectively focussing the many public and private programs that now exist in our communities.

I appreciate your assistance with the proposal. Mr. Parham or a representative of the project will contact you immediately to work out details for the first meeting of the Federal Interagency Working Group.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

The Honorable Samuel Winfred Brown, Jr.
Director of the ACTION Agency
Washington, D.C. 20525

WHITE HOUSE
WASHINGTON

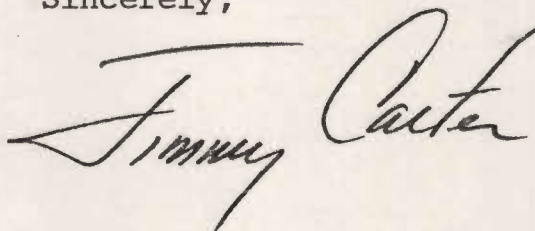
To Director Graciela Olivarez

On March 30, 1977, I approved the proposal described in the attached summary as an experimental effort aimed at developing an integrated system of human service delivery. I have asked Mr. Jim Parham on Jack Watson's staff to coordinate this effort for me.

I understand that discussions with you and other members of your staff already have taken place with regard to your agency's participation. I hope that the project will help lead us toward some sound approaches for more effectively focussing the many public and private programs that now exist in our communities.

I appreciate your assistance with the proposal. Mr. Parham or a representative of the project will contact you immediately to work out details for the first meeting of the Federal Interagency Working Group.

Sincerely,



The Honorable Graciela (Grace) Olivarez
Director
Community Services Administration
Washington, D.C. 20506

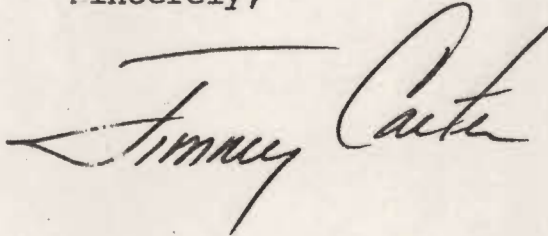
To Stu Eizenstat

On March 30, 1977, I approved the proposal described in the attached summary as an experimental effort aimed at developing an integrated system of human service delivery. I have asked Mr. Jim Parham on Jack Watson's staff to coordinate this effort for me.

I understand that discussions with you and other members of your staff already have taken place with regard to your agency's participation. I hope that the project will help lead us toward some sound approaches for more effectively focussing the many public and private programs that now exist in our communities.

I appreciate your assistance with the proposal. Mr. Parham or a representative of the project will contact you immediately to work out details for the first meeting of the Federal Interagency Working Group.

Sincerely,



The Honorable Stuart Eizenstat
Executive Director
Domestic Council
Washington, D.C. 20500

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HOUSE

TON

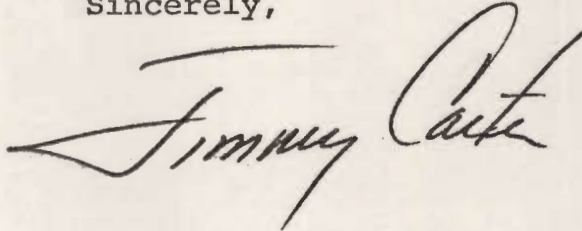
To Director Bert Lance

On March 30, 1977, I approved the proposal described in the attached summary as an experimental effort aimed at developing an integrated system of human service delivery. I have asked Mr. Jim Parham on Jack Watson's staff to coordinate this effort for me.

I understand that discussions with you and other members of your staff already have taken place with regard to your agency's participation. I hope that the project will help lead us toward some sound approaches for more effectively focussing the many public and private programs that now exist in our communities.

I appreciate your assistance with the proposal. Mr. Parham or a representative of the project will contact you immediately to work out details for the first meeting of the Federal Interagency Working Group.

Sincerely,



The Honorable Thomas Bertram Lance
Director
Office of Management and Budget
Washington, D.C. 20503

THE WHITE HOUSE
WASHINGTON

May 20, 1977

To: Bert & Jim
time -
a) One experimental
b) Existing funds
c) Existing funds
J.C.

MEMORANDUM FOR:

FROM:

SUBJECT:

The President

Bert Lance and Jim Parham

Bill Milliken's Proposal
on the Integration of Human Services

Since your meeting of March 30, 1977 with Rosalynn and Bill Milliken, we have devised the following strategy to secure the necessary Federal monies (\$2,680,000) and to establish a Federal Interagency Working Group on the Integration of Human Services to be chaired by Jim Parham. In short, it is our idea to gather funds from seven participating Federal Agencies (ACTION, CSA, Commerce, HUD, LEAA, DOL and HEW) and have HEW serve as the lead agency. The pooled funds would in turn be granted by HEW to local agencies such as the Mayor's office or the local Board of Education for their participation in the service integration projects.

In order to get things moving, we have drafted the attached letters to the seven line departments. In these letters you are requesting cooperation and assistance from each Department. Specific requests have already been discussed with each Department or office as follows:

HEW--\$1,180,000, representation on the Federal Working Group, and two personnel positions to staff the small Federal coordination component.

DOL--\$1,000,000 and representation on the Federal Working Group.

ACTION, Commerce, CSA, HUD, Justice--\$100,000 each and representation on the Federal Working Group from each department.

The President
May 20, 1977
Page Two

Also attached are letters to OMB and the Domestic Council asking for representatives to sit on the Federal Working Group.

We recommend that you sign the attached letters.

WHITE HOUSE
WASHINGTON

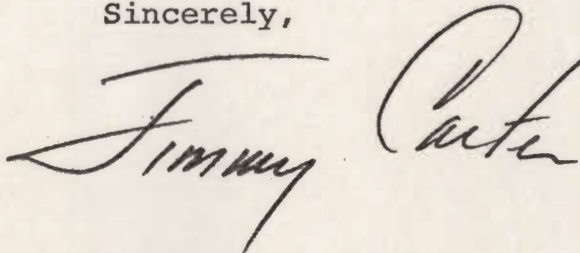
To Secretary Juanita Kreps

On March 30, 1977, I approved the proposal described in the attached summary as an experimental effort aimed at developing an integrated system of human service delivery. I have asked Mr. Jim Parham on Jack Watson's staff to coordinate this effort for me.

I understand that discussions with you and other members of your staff already have taken place with regard to your agency's participation. I hope that the project will help lead us toward some sound approaches for more effectively focussing the many public and private programs that now exist in our communities.

I appreciate your assistance with the proposal. Mr. Parham or a representative of the project will contact you immediately to work out details for the first meeting of the Federal Interagency Working Group.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

The Honorable Juanita M. Kreps
Secretary of Commerce
Washington, D.C. 20230



THE PRESIDENT HAS SEEN.

THE SECRETARY OF THE INTERIOR
WASHINGTON

C

May 25, 1977

EYES ONLY (ONLY COPY)

MEMORANDUM TO THE PRESIDENT

From: Secretary of the Interior

Not all of this morning's conversation will be in this memorandum, in that I would prefer to discuss it with you over the telephone and not put it in writing.

I believe the Speaker clearly understands the problem and is desirous of resolving the issue, but his membership represented by Jim Wright did not indicate any willingness to go further than what we discussed Monday evening. The majority position is that they have met many of your objections by eliminating the Corps project at Grove Lake, Kansas, with the future possibility of eliminating two other projects in the Senate. If these three projects were eliminated, the total savings would amount to approximately \$200 million. They are further saying that possible future modifications would reduce this further.

Frankly, Mr. President, in my opinion the Speaker is an ally and wants to be helpful, but we are headed for a confrontation that will probably require your veto (if you choose to). The House knows it cannot override, therefore, they will send the bill back to Mr. Bevill's Committee instead of risking the override vote and we will be right back where we are today. I am not optimistic about any change in their posture, but I would also add that they are acutely aware of your personal firmness in this matter. I will be happy to discuss some of the other portions of our conversation over the telephone at your pleasure.


Cecil D. Andrus

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

MAY 24, 1977
Tuesday - 2:15 p.m.

MR. PRESIDENT

SPEAKER O'NEILL COULD NOT MEET WITH
SECRETARY ANDRUS TODAY. HOWEVER, THE
SECRETARY DOES HAVE A BREAKFAST
SCHEDULED IN THE MORNING WITH THE
SPEAKER AND CONGRESSMAN JIM WRIGHT
AND WILL REPORT BACK TO YOU FOLLOWING
THAT BREAKFAST MEETING.

TIM KRAFT

THE WHITE HOUSE
WASHINGTON

May 25, 1977

Jim Parham
Stu Eizenstat
Charlie Schultze
Jack Watson

The attached was returned in the
President's outbox and is forwarded to
you for your information.

Rick Hutcheson

Re: HEW/Labor Welfare Reform
Proposal

THE WHITE HOUSE
WASHINGTON

cc Tim Backman

ACTION	FYI
	MONDALE
	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input checked="" type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN. May 23, 1977

cc = Jim &
Stu & Charles
This concerns me
also
J.C.

MEMORANDUM TO: THE PRESIDENT
FROM: Jack Watson
Jim Parham
SUBJECT: COMMENTS ON THE HEW/LABOR
WELFARE REFORM PROPOSAL

The HEW/Labor proposal submitted to you this morning on a tentative welfare reform structure is a tribute to the outstanding technical skill of the staffs. I agree with Stu that it represents a satisfactory working base from which to launch the discussions with the Congress, state and local officials and other interested groups. I agree with the comments made in both Stu's cover memorandum and the attached memorandum from Charlie Schultze.

I am concerned that, in addition to the many unresolved issues cited in both Joe's and Stu's memoranda, there is a fundamental consideration that has not received sufficient attention, namely, do we want to propose a welfare reform plan that seems to add millions of people to what is perceived as the "welfare roles?" If we don't, there are some other alternatives which have been offered which must be seriously studied before time runs out.

The cash assistance part of the plan is a guaranteed income scheme which will, if implemented, result in having several million heretofore ineligible families receive a federal check each month. Even at the minimum levels proposed, the percentage of the population receiving some such benefit will be quite large in some states. For example, the \$9,400 break-even point constitutes approximately 70% of the median family income in Georgia. I believe that that consequence has very serious social and political implications.

Although the earned income tax credit is retained, the plan makes no suggestion for using it in an expanded way. One hope was that such a mechanism would enable many of the working poor to be assisted without labeling them as welfare recipients, or requiring that they undergo a means test.

As to those who are not expected to work (because of disability or dependency of children), the continued use of the 50 percent work incentive guarantees a greatly expanded permanent size for this group. As I understand it, Tom Joe's idea was to offer very limited incentives to this group since we plan to certify that they are not required to work, and we do not need them in the labor market. They would have the option of moving to the manpower and training track if they wished to do so, but if they did, they would come out of the residual welfare group and be treated like all others in the manpower track -- no longer identified and labeled as welfare recipients.

The primary argument against having separate approaches to

- (1) the working poor;
- (2) the unemployed but expected to work; and
- (3) the not expected to work;

has been the undesirability of having three departments (Treasury, HEW and Labor) involved in administration. The argument has merit but might turn out to be a small price to pay for a plan that is more acceptable to the Congress, less divisive and less stigmatizing. Even under the current proposal, a low wage earner in a private job will receive income from at least three sources -- wages, the cash assistance supplement and the earned income tax credit once a year. There is no question that a consolidated cash program is the most efficient way to dispense money and cross reference information on other sources of income. The problem is that, combined with the work incentive provisions, it has the consequence of vastly enlarging the size of the group being subsidized under the welfare program label. If we have any doubt about that consequence, I think we need to address it now.

THE WHITE HOUSE
WASHINGTON

May 25, 1977

Stu Eizenstat -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Veto and Impoundment Powers

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
--------	-----

MONDALE
COSTANZA
EIZENSTAT
JORDAN
LIPSHUTZ
MOORE
POWELL
WATSON

ENROLLED BILL
AGENCY REPORT
CAB DECISION
EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND

ARAGON
BOURNE
BRZEZINSKI
BUTLER
CARP
H. CARTER
CLOUGH
FALLOWS
FIRST LADY
GAMMILL
HARDEN
HOYT
HUTCHESON
JAGODA
KING

KRAFT
LANCE
LINDER
MITCHELL
POSTON
PRESS
B. RAINWATER
SCHLESINGER
SCHNEIDERS
SCHULTZE
SIEGEL
SMITH
STRAUSS
WELLS
VOORDE

THE WHITE HOUSE
WASHINGTON

May 20, 1977

*Stu -
Good - hold
J*

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Veto and Impoundment Powers
(Prepared At Your Request)

This memorandum briefly describes your veto and impoundment powers. More detailed information is provided in the attached memoranda from the Justice Department and OMB. (Tabs A and B)

I. VETO POWER

The basic elements of the veto power, set forth in Article 1, Section 7 of the Constitution (attached - Tab C) are as follows:

1) Ten-day period after receipt. After an enrolled bill has been received from the Congress, you have ten days, not counting Sundays, to sign or veto it. If you veto the bill it must be returned to the House of Congress in which it originated. Unlike the procedure in Georgia, which permitted a Governor to refuse receipt of an enrolled bill during the Legislative Session, there is no alternative to receiving an enrolled bill.

2) Reasons for Veto. If you veto a bill, objections to the bill must be provided to Congress when the bill is returned. There are no limitations, however, on the nature of the objections that can be provided. The objections are described, often briefly, in a "Veto Message;" examples of some of the Ford Veto Messages are attached. (Tab D)

3) Item Veto. You have no power to veto only part of a bill. Unlike Georgia, there is no "Item Veto" for an appropriations bill, or for any other kind of bill. However, Presidents have used impoundment as a means

by which to effectively veto certain items in a bill. (As discussed below, however, the impoundment route has been greatly constrained under the Impoundment Control Act of 1974.)

4) Override Vote. A vetoed bill must be returned to the House in which it originated. That House must originate any override vote; the other House must await a successful override vote before attempting its own override (this is, of course, identical to the Georgia procedure). In practice, if it is clear that there are insufficient votes for an override in either House, a vote in the originating House may not even be attempted.

A successful override requires a two-thirds vote of a quorum of each House (not two-thirds of the total membership of each House).

5) Pocket Veto. if, within ten days of a bill's receipt, you neither sign nor veto it, the bill automatically becomes law, unless Congress is in adjournment. If Congress has adjourned, your not signing or vetoing a bill produces a "pocket veto."

The question of when Congress is "in adjournment" is one of the very few uncertainties surrounding the veto power. The Constitution has been interpreted by the courts to mean that Congress is "in adjournment," and a pocket veto occurs, when a Congress has adjourned for its last time (in other words, the end of the Second Session of the 95th Congress) or has adjourned between its First and Second Sessions.

Congress is not, however, viewed as having adjourned, for pocket veto purposes, when the adjournment is only for a limited period of time within a Session. That interpretation was used by a Federal Court of Appeals in a recent pocket veto case: the Court held that, during such an intra-Session adjournment, a pocket veto cannot be exercised if Congress has designated an officer to receive Presidential messages during the adjournment. When such a designation has been made, the Court reasoned, an override vote could be attempted as soon as the adjournment ended. It should be noted that the Supreme Court has not addressed this question recently, and the Justice Department feels the Court of Appeals' decision is relevant only to intra-Session adjournments of short duration (such as 5 days in that particular case).

II. IMPOUNDMENT POWER

1) Impoundment Background. Although the Constitution is silent on the subject of impoundment, Presidents since Thomas Jefferson have impounded - refused to spend - lawfully appropriated funds. Not until the Truman Administration, however, did impoundments result in protracted, highly publicized battles between Presidents and Congress. Presidents Truman, Eisenhower and Kennedy each refused to spend funds appropriated for certain defense projects; and President Johnson refused to spend funds for a variety of domestic programs in an effort to curb the inflationary impact of the Vietnam War. It was not until the Nixon Administration, however, that impoundment became a regular budgetary tool, used in the manner of an item veto. In 1973, for instance, the Nixon Administration impounded \$12 billion of funds appropriated for human resource programs.

The only vehicle available to Congress to stop such impoundments was a legal suit. Although Congress won dozens of those suits, the process was time-consuming, as well as a de facto recognition that Congress could not by itself control the appropriations process. Accordingly, the Impoundment Control Act was passed in 1974 and now governs the way all impoundments are handled.

2) Impoundment Control Act

The Act divides all impoundments into two types: deferrals and rescissions.

(a) Deferral - A "deferral" occurs when the expenditure of appropriated funds is delayed beyond the time intended in the appropriations bill. To effect a deferral, you must submit to Congress a special deferral message, describing the reason for the proposed delay.

Congress may override the deferral through a "resolution of disapproval" passed by a majority of either House. If overridden, the funds must be expended as originally scheduled. There is no limit on the time which Congress has to adopt a resolution of disapproval, though any prolonged delay is effectively an accession to the deferral.

(b) Rescission - A "rescission" occurs when budget authority is rescinded, thereby precluding the expenditure of funds appropriated for certain programs or projects. To effect a rescission, you must

submit to Congress a special rescission message, requesting passage of a rescission bill. Unless such a bill is passed within 45 legislative days, you are required to expend the funds proposed for rescission.

The difference in the way deferrals and rescissions can be effected clearly indicates Congress' greater concern with rescissions, which are permanent changes. Unlike deferrals, which become effective unless Congress disapproves, rescissions become effective only after positive Congressional action. Congress' greater concern with rescissions is also indicated by its actions to date: in FY '76, for instance, nearly 80% of deferrals were approved, compared to only 16% of rescissions (source: attached OMB chart).

To date, you have initiated six deferrals (totaling \$201 million) and one rescission (\$126 million for the building of patrol hydrofoils). Congress has not yet taken action on these requests. You also continued three Ford deferrals (\$25 million for ERDA operations), now overridden by Congress, and two Ford rescissions (\$47 million for helium purchases by Interior and \$664 million for the design and initial construction of a nuclear carrier and defense employees retirement pay), now approved by Congress.

Tab A - Justice Dept.



Office of the Attorney General
Washington, D. C. 20530

MAY 13 1977

MEMORANDUM FOR THE PRESIDENT

Re: Summary of the President's Veto and
Impoundment Powers

Attached is a memorandum from John Harmon summarizing your veto and impoundment powers. This memorandum was prepared in response to a request from Stu Eizenstat.

Griffin B. Bell
Attorney General

Attachment

Department of Justice
Washington, D.C. 20530

MAY 13 1977

MEMORANDUM FOR THE ATTORNEY GENERAL

Re: Analysis of the President's Veto and
Impoundment Powers

The President has requested a brief analysis of his veto and impoundment powers. The following analysis is intended to provide the President with a working grasp of those powers without delving deeply into the nuances of their exercise.

I. The Veto Power

The veto power is an explicit constitutional power, granted to the President in Article I, Section 7 of the Constitution, which prescribes the procedures by which most legislative action must be taken. Under that section, the President has the power, within ten days (excepting Sundays) of his receipt of an enrolled bill passed by Congress to sign it, in which case it becomes law, or to return the bill to the House of Congress in which the bill originated with his objections. Under the Constitution, the President may veto a bill for any reason whatsoever but must state his specific objections in returning a bill to which he objects. The Constitution does not permit the President to veto one part of a bill and approve other parts (the "item" veto). If the President returns a bill without his signature within the ten-day period, that bill does not become law unless each House thereafter, by a two-thirds vote of a quorum of each House, repasses the bill. If the President neither signs the bill nor returns it to Congress with his objections within the ten-day period, the bill automatically becomes law except for situations involving what are commonly referred to as "pocket vetoes."

Under Article I, Section 7, Congress does not have the opportunity to override a veto if, due to its own adjournment,



the return of a bill by the President is impossible because Congress is not there to receive the bill. Congressional adjournments may be of three types, each having its distinct impact on the pocket veto power:

(1) In an election year, Congress normally adjourns with no expectation of reconvening before the terms of most of its members expire and the newly elected Congress convenes. Under Article I, Section 7, such an adjournment would always prevent reconsideration of a Presidential veto because a different Congress could not "reconsider" a bill it had never considered in the first place. Thus, the President could always exercise the pocket veto power in situations where an outgoing Congress had adjourned for the last time.

(2) In modern times, absent the calling of a special session of Congress by the President, each Congress has done its business in two sessions. Between the two sessions, Congress has normally taken an intersession adjournment. In The Pocket Veto Case, 279 U.S. 655 (1929), the Supreme Court held that a bill presented to the President eight days before the intersession adjournment of the Congress had been, in effect, vetoed by the President because of his failure to sign the bill even though Congress was not given the opportunity to override the veto.

(3) Congress frequently takes recesses or adjournments during a session. During the last twenty years these adjournments have run as long as 35 days. In Kennedy v. Sampson, 511 F. 2d 430 (1974), a federal court of appeals decided that an intrasession adjournment would not permit the exercise of the pocket veto power so long as the Congress made appropriate arrangements to permit delivery to it of Presidential veto messages during such an adjournment. Thus, if Congress adjourns but designates an officer to receive Presidential messages during adjournment, Congress will have the power, under that 1974 case, to override the President's veto upon its return. Therefore, to ensure force is given to a veto, the President must transmit his veto to Congress within ten days of his receipt of an enrolled bill if an adjourned Congress has provided someone to receive that veto message. Adjournment

resolutions usually contain such a designation. The President should be aware that the Department has doubts as to whether the 1974 court decision is properly applicable to intra-session adjournments of greater length than the five days involved in that case.

II. The Impoundment Power

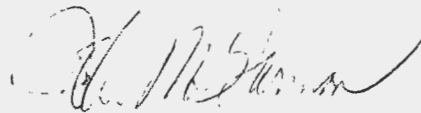
The President has no constitutional power to impound congressionally appropriated funds unless, in his opinion, the expenditure would be for an unconstitutional purpose, such as building churches, a violation of the Establishment of Religion Clause of the First Amendment. What power he does have to impound funds appropriated for constitutional purposes is granted by statute, largely the Budget and Impoundment Control Act of 1974.

Under the 1974 Act, it is generally assumed that the Executive Branch will obligate or expend moneys appropriated for a specific fiscal year within that year or within the appropriate time frame if the appropriation is multi-year. Under that Act, the President has authority to take impoundment action based upon several considerations, including overall fiscal policy. This action may take one of two forms. If the action would have the effect of slowing down the rate at which funds are made available for obligation but not to prevent their ultimate obligation, the expenditure of the funds is said to be deferred. If, on the other hand, the action would have the effect of preventing the ultimate expenditure of funds, the obligation to expend them is said to be rescinded.

Under the 1974 Act, any decision by the Executive Branch to defer or rescind budget authority must be communicated by the President to the Congress in a special "deferral" or "rescission" message. As to deferral, the President's action, if disapproved by resolution passed by a majority of either House, is held for naught and the funds in question must be obligated or expended within the relevant time frame. This "legislative veto" provision raises serious constitutional questions, the crux of the argument being that, under the

doctrine of separation of powers, one House of Congress cannot curb the President's exercise of discretion that has been given to him in legislation. Without going into greater detail, we would simply observe that the President's power at this point becomes a function of his willingness to test the constitutionality of the legislative veto provision of the 1974 Act by refusing to abide by a resolution of disapproval. As to rescission, the President's action is not effective unless Congress approves it by statute.

The President's impoundment power is exercised for the most part through the Office of Management and Budget, which has the power to control the timing of the release of appropriated funds to virtually all Executive Branch departments and agencies. When a decision is made in OMB to slow the rate of flow or to rescind budget authority, an appropriate message is normally generated in that office. In addition, under the 1974 Act each department and agency head possesses the same authority to propose budget deferrals or rescissions, but all must be transmitted by the President to the Congress and all are channeled through OMB.



John M. Harmon
Acting Assistant Attorney General
Office of Legal Counsel

Tab B - OMB

If the President should fail to comply with the Act, the Comptroller General is empowered to bring suit to enforce the will of Congress. Resolution of spending disputes between the President and the Congress is thus left to the courts. To date, Executive branch compliance has precluded the filing of any such suits.

In most instances there is no real option as between rescission and deferral because the facts which would support one would not support the other. If the President believes that a program or project should be canceled, he should propose rescission. If he believes that the funds eventually will be needed but should be withheld pending the happening of some contingency, he should propose deferral. In some cases it would be appropriate to propose deferral pending a contingency (e.g., congressional action on the President's recommendations for revision of a project), followed by a proposal for rescission upon happening of the contingency (congressional approval of project revision).

Attached is a statistical tabulation of the results of rescission and deferral actions from July 1, 1975 to date.

The Act applies only to appropriations in being. That is, it does not purport to control the President's budget requests or other legislative proposals for future years. Further, it is apparent that the Act could not constitutionally control the President's decisions if such control amounted to a substantial encroachment upon the exercise of his specific constitutional powers. For example, the President could not be forced to make loans to a foreign government if his opposition is based upon foreign policy grounds. For another example, it is doubtful whether the Executive branch could be forced to procure a weapons system for the armed forces against the President's opposition as Commander-in-Chief. In most cases of domestic spending, however, the existing court precedents indicate that the will of Congress would prevail.

I will be happy to answer any further questions that you may have.

William M. Nichols
William M. Nichols
General Counsel

Attachment

cc:
Jim McIntyre
Dale McOmber
Bo Cutter

CONGRESSIONAL ACTION ON RESCISSIONS AND DEFERRALS
(in millions of dollars)

Rescissions	Fiscal 1976		Transition Quarter		Fiscal 1977	
	Number	Amount	Number	Amount	Number	Amount
Proposed.....	44	3,328.7	6	253.3	13	1,135.4
Approved/Percentage approved.....	7/15.9%	138.3/4.1%	---	---	6/46%	711.6/63%
Rejected/Percentage rejected.....	38/84.1%	3,190.4/95.9%	6	253.3	5/38%	60.4/5%
Withdrawn.....	---	---	---	---	2/16%	95/8%
Pending/Percentage Pending.....	---	---	---	---	0/0	0/0
Adjustments.....	---	---	---	---	0/0	268.4/24% <u>1/</u>
<u>Deferrals</u>						
Reported.....	111	8,775.3	6	338.6 ^{2/}	57	7,220.4
Overtured/Percentage overtured.....	23/20.7%	378.4/4.3%	2/33.3%	4.7/1.3%	3/5%	25.6/0.4%
Sustained/Percentage sustained.....	88/79.3%	8,396.9/95.7	4/66.7%	333.9/98.7%	54/95%	7,194.8/99.6%

1/ Shipbuilding and conversion, Navy rescission. This amount is the difference between the amount proposed for rescission (\$721 million) and the amount actually rescinded (\$452.6 million).

2/ Supplementary reports to deferrals had the effect of reducing the amount proposed for deferral for both 1976 and the transition quarter to \$8,145.4 million as of September 30, 1976.

May 17, 1977

Tab C

ARTICLE 1, SECTION 7

All bills raising revenue shall originate in the house of representatives; but the senate may propose or concur with amendments as on other bills.

Every bill which shall have passed the house of representatives and the senate shall, before it become a law, be presented to the president of the United States; if he approve, he shall sign it; but if not, he shall return it, with his objections, to that house in which it shall have originated, who shall enter the objections at large on their journal, and proceed to reconsider it. If after such reconsideration two-thirds of that house shall agree to pass the bill, it shall be sent, together with the objections, to the other house, by which it shall likewise be reconsidered, and if approved by two-thirds of that house, it shall become law. But in all such cases the votes of both houses shall be determined by yeas and nays, and the names of the persons voting for and against the bill shall be entered on the journal of each house respectively. If any bill shall not be returned by the president within ten days (Sundays excepted) after it shall have been presented to him, the same shall be a law, in like manner as if he had signed it, unless the congress by their adjournment prevent its return, in which case it shall not be a law.

Every order, resolution, or vote, to which the concurrence of the senate and house of representatives may be necessary (except on a question of adjournment) shall be presented to the president of the United States; and before the same shall take effect, shall be approved by him, or, being disapproved by him, shall be repassed by two-thirds of the senate and house of representatives, according to the rules and limitations prescribed in the case of a bill.

Tab D

Veto of the Federal Coal Leasing Amendments Bill

The President's Message to the Senate Returning S. 391 Without His Approval. July 3, 1976

To the Senate of the United States:

I am returning to the Congress today without my approval S. 391, the Federal Coal Leasing Amendments Act of 1975.

This bill addresses two essential issues: the form of Federal assistance for communities affected by development of Federally-owned minerals, and the way that Federal procedures for the leasing of coal should be modernized.

On the first of these issues, I am in total agreement with the Congress that the Federal Government should provide assistance, and I concur in the form of assistance adopted by the Congress in S. 391. Specifically, I pledge my support for increasing the State share of Federal leasing revenues from 37½ percent to 50 percent.

Last January I proposed to the Congress the Federal Energy Impact Assistance Act to meet the same assistance problem, but in a different way. My proposal called for a program of grants, loans and loan guarantees for communities in both coastal and inland States affected by development of Federal energy resources such as gas, oil and coal.

The Congress has agreed with me that impact assistance in the form I proposed should be provided for coastal States, and I hope to be able to sign appropriate legislation in the near future.

However, in the case of States affected by S. 391—most of which are inland, the Congress by overwhelming majority has voted to expand the more traditional sharing of Federal leasing revenues, raising the State share of those revenues by one third. If S. 391 were limited to that provision, I would sign it.

Unfortunately, however, S. 391 is also littered with many other provisions which would insert so many rigidities, complications, and burdensome regulations into Federal leasing procedures that it would inhibit coal production on Federal lands, probably raise prices for consumers, and ultimately delay our achievement of energy independence.

I object in particular to the way that S. 391 restricts

the flexibility of the Secretary of the Interior in setting the terms of individual leases so that a variety of conditions—physical, environmental and economic—can be taken into account. S. 391 would require a minimum royalty of 12½ percent, more than is necessary in all cases. S. 391 would also defer bonus payments—payments by the lessee to the Government usually made at the front end of the lease—on 50 percent of the acreage, an unnecessarily stringent provision. This bill would also require production within 10 years, with no additional flexibility. Furthermore it would require approval of operating and reclamation plans within three years of lease issuance. While such terms may be appropriate in many lease transactions—or perhaps most of them—such rigid requirements will nevertheless serve to setback efforts to accelerate coal production.

Other provisions of S. 391 will unduly delay the development of our coal reserves by setting up new administrative roadblocks. In particular, S. 391 requires detailed anti-trust review of all leases, no matter how small; it requires four sets of public hearings where one or two would suffice; and it authorizes States to delay the process where National forests—a Federal responsibility—are concerned.

Still other provisions of the bill are simply unnecessary. For instance, one provision requires comprehensive Federal exploration of coal resources. This provision is not needed because the Secretary of the Interior already has—and is prepared to exercise—the authority to require prospective bidders to furnish the Department with all of their exploration data so that the Secretary, in dealing with them, will do so knowing as much about the coal resources covered as the prospective lessees.

For all of these reasons, I believe that S. 391 would have an adverse impact on our domestic coal production. On the other hand, I agree with the sponsors of this legislation that there are sound reasons for providing in Federal law—not simply in Federal regulations—a new Federal coal policy that will assure a fair and effective mechanism for future leasing.

Accordingly, I ask the Congress to work with me in developing legislation that would meet the objections I have outlined and would also increase the State share of Federal leasing revenues.

GERALD R. FORD

The White House,
July 3, 1976.

Veto of Milk Price Support Legislation

The President's Message to the Senate Returning S.J. Res. 121 Without His Approval. January 30, 1976

To the Senate of the United States:

I am withholding my approval from S.J. Res. 121, which would increase the Federal support price for milk and require mandatory quarterly adjustments, for the following reasons:

1. It would saddle taxpayers with additional spending at a time when we are trying to cut the cost of government and curb inflation.

2. It would stimulate excessive production of milk, discourage consumption, force the Federal government to increase purchases of dairy products under the milk support program and build up huge and costly surpluses.

3. It would result in unnecessarily high consumer prices.

Under this bill, government outlays would be increased by \$530 million, including \$180 million during the 1976-77 marketing year and \$350 million during the subsequent 1977-78 marketing year. In addition, consumers would be required to pay an estimated \$1.38 billion more at retail for dairy products over the next two years.

If S.J. Res. 121 became law, the support level for milk would be set at 85 percent of parity, with adjustments at the beginning of each quarter, through March 31, 1978. This would result in substantial increases in the support level over the next two marketing years without taking into account either changing economic conditions or agricultural policies.

In disapproving similar legislation last January, I said: "To further reduce the demand for milk and dairy products by the increased prices provided in this legislation would be detrimental to the dairy industry. A dairy farmer cannot be well served by Government action that prices his product out of the market." This is still the case.

As far as this Administration is concerned, future changes in the price support level will be based, as in the past, on a thorough review of the entire dairy situation. Major economic factors, including the level of milk production, recent and expected farm prices for milk, the farm cost of producing milk, consumer prices and government price support purchases and budget outlays, will be considered. Elimination of this thorough review by mandating an inflexible support price would be inadvisable.

As you know, present legislation provides the Secretary of Agriculture with sufficient flexibility to increase the level of milk price supports between 75 and 90 percent of parity whenever the conditions indicate that an increase is necessary and advisable. The two increases announced

by the Secretary of Agriculture last year—one in January and another in October—should make it clear that this Administration intends to provide the price assurance dairy farmers need.

In this regard, to ensure adequate milk price support levels, I have directed the Secretary of Agriculture to review support prices quarterly, starting April 1. If it appears necessary and advisable to make price support adjustments to ensure the supply of milk, the Secretary of Agriculture will do so.

In vetoing S.J. Res. 121, I urge the Congress to join me in this effort to hold down Federal spending, milk surpluses and consumer prices.

GERALD R. FORD

The White House,
January 30, 1976.

PRESIDENTIAL DOCUMENTS: GERALD R. FORD, 1976

That restoration has long been made, and the links of language, tradition, and personal contact have maintained it.

Yesterday, Prince Philip and I were deeply moved by the welcome we were given in Philadelphia. And now we are looking forward to our visits to New York and Boston and to the

Veto of Appropriations Bill for Federal Fire Prevention and Control

*The President's Message to the House of Representatives
Returning H.R. 12567 Without His Approval.
July 7, 1976*

To the House of Representatives:

I am returning, without my approval, H.R. 12567, a bill "to authorize appropriations for the Federal Fire Prevention and Control Act of 1974 and the Act of March 3, 1901, for fiscal years 1977 and 1978, and for other purposes."

I am disapproving H.R. 12567 because it contains a provision that would seriously obstruct the exercise of the President's constitutional responsibilities over Executive branch operations. Section 2 of the enrolled bill provides that Congress may, by concurrent resolution, "veto" a plan to commit funds for construction of the National Academy for Fire Prevention and Control. This provision extends to the Congress the power to prohibit specific transactions authorized by law, without changing the law and without following the constitutional process such a change would require. Moreover, it involves the Congress directly in the performance of Executive functions in disregard of the fundamental principle of separation of powers.

Provisions of this type have been appearing in an increasing number of bills which this Congress has passed or is considering. Most are intended to enhance the power of the Congress over the detailed execution of the laws at the expense of the President's authority. I have consistently opposed legislation containing these provisions, and will

continue to oppose actions that constitute a legislative encroachment on the Executive branch.

I urge the Congress to reconsider H.R. 12567 and to pass a bill I can accept so that it will be possible for the National Fire Prevention and Control Administration to proceed with its important work.

GERALD R. FORD

The White House,
July 7, 1976.

THE WHITE HOUSE
WASHINGTON

Mr. President:

Briefing materials for Mrs. Carter's trip have been received from Secretary Bergland, per your request. They have been forwarded to Mrs. Carter.

(I have retained a copy should you wish to see them - but they are quite long.)

Rick

*no
J*

5/25/77

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**Electrostatic Copy Made
for Preservation Purposes**

Jamaica

Sugar

Sugar has been a mainstay of Jamaica's economy for many years. English and French rivalry resulting in the destruction of French properties in Santo Domingo in the latter 1700's gave a boost to sugar in Jamaica. In the last decade, however, there has been a decline in production and in exports. While soils are largely of volcanic origin, in the coastal regions there are heavy clay soils which make preparation for cane planting difficult. Mechanical harvesting is a difficulty in the interior because of stones. There are generally five to six crops from one planting, and the harvest runs from December to June.

Jamaica now produces about 350,000 metric tons (raw value) of sugar per year. In the mid-1960's the level of production was about 500,000 tons. Domestic use is now about 100,000 tons and availabilities for export have declined by some 175,000 tons (to 250,000 tons) in the past decade. About half of Jamaica's sugar exports are destined for the United Kingdom, with the U.S. being the second largest recipient. The United States imported 64,000 tons of raw sugar from Jamaica in 1976, valued at \$20 million. The twelve sugar mills are scattered throughout the island, however, they are generally inefficient. The Sugar Industry Authority in February 1977 put forward a plan for rehabilitation of the sugar industry at a cost of U.S. \$100 million over the next five years. Financing of this plan has been discussed with the World Bank.

Jamaica uses complete fertilizers on its sugarcane. It is probably, however, one of the most disease-ridden producers of the West Indian area as a number of diseases are known to be prevalent. Mechanical harvesters are employed in Jamaica and the usual method of removing from the field is by tractor-drawn cane carts. Some of the factories were constructed prior to 1900. Several of them operate as little as 110 hours per week for an entire season while in Trinidad they might operate 168 hours. Most sugar for local consumption is fully refined in Jamaica.

All factories and growers belong to the West Indies Sugar Association, known as the British West Indies Sugar Association prior to 1967. The headquarters are at Bridgetown, Barbados, and the Association represents members in matters which are not of a local nature. Much of its work is done through committees. Local problems are handled through similar organizations. These include organizations of the cane growers in Barbados, Jamaica and Trinidad, all of which are banded into the Caribbean Cane Farmer's Association for unified action and representation on matters outside the Caribbean.

Jamaica shipped much of its sugar to the United Kingdom under the Commonwealth Sugar Agreement which expired at the end of 1974. In some years sizable shipments were made to the U.S. under the U.S. Sugar Act which also expired at the end of 1974. About half of its recent exports have been to the EC (United Kingdom) under the Lome Convention which began in 1975.

The sugarcane smut disease discovered in Jamaica in November 1976 is not expected to have an effect on production this year, but could in the long-term if not controlled. It is fairly well spread throughout the southeastern part of the island. About half of Jamaica's cane is smut resistant and it is planned that all acreage will be planted with resistant varieties by 1980. The USDA Agricultural Research Service sent two representatives to Jamaica in April to complete a cooperative agreement for testing 600 varieties of U.S. cane for smut resistance. If this agreement is finalized the work could be very important as much of the present U.S. cane is susceptible to smut disease.

The Jamaican Government has taken an active part in negotiations for a new International Sugar Agreement. The preferential arrangement (Lome Convention) with the EC, however, probably dampens enthusiasm for an agreement to some extent.

JAMAICA

An estimated 45 percent of Jamaica's area, less than that of Connecticut, is in farmlands which averaged about 8.5 acres per farm in 1969. Agriculture employs about one-third of the working population but earns less than 10 percent of the country's total national income. Sugarcane, citrus fruits, bananas, and spices are the important commercial crops which usually account for 20-25 percent of total exports. Domestic crops are mainly fruits, vegetables, and tubers. Livestock production remains limited. Total food imports have increased rapidly in recent years; they currently account for about 40 percent of total imports. They consist of mainly grains, processed products, fats and oils from the United States.

Agriculture production for both local consumption and export has been declining. The boom and bust international sugar prices of recent years have been one source of difficulty as has declining production of the other major agricultural export--bananas. Even more than most developing countries in the Americas, Jamaica is urbanizing. Thus, even in the face of massive unemployment, there are labor shortages at seasonal peaks in the agricultural sector, particularly in sugar (cane cutting is socially a very low class employment and is avoided at considerable cost by many workers). Jamaican coffee production is too small to make a significant contribution, despite very high recent prices. A major effort to return small farmers to the land has not yet led to production gains in food crops. As a result of land and climate factors, Jamaica will remain dependent on imports for basic grain supplies.

USDA has participated in an AID effort to improve the Jamaican Forestry Department. A top level United States forester worked directly with top management in a triple pronged effort to increase employment opportunity, provide greater forest product production and increase recreational facilities. This work was most successful and the forester continues work on a consulting basis. USDA has begun a management improvement program aimed at problem solving at management levels. The first specialists for this medium sized program will begin work this June.

COSTA RICA

Agriculture is dominant in Costa Rica, employing 49 percent of the working population and earning 22 percent of the national income in 1972, more than any other major economic activity. The agricultural area increased 70 percent from 1950 to 1973, when it accounted for nearly one-half the country's 19,600 square mile area. Agricultural output has grown at an average yearly rate near 5 percent during the past 10 years. Growth has been largely in commercial farming, particularly in bananas, coffee, sugarcane, and beef cattle. Agricultural commodities account for 85-90 percent of exports. Agricultural commodities, mainly wheat and fats and oils, usually account for about 10 percent of total imports. About 47 percent of the agricultural export trade and 40 percent of import trade is with the United States.

In the context of developing countries, Costa Rica has few agricultural problems. Dropping coffee prices and continued low international sugar prices could be troublesome in the future. Another possible source of difficulty is the appearance of coffee rust in neighboring Nicaragua with a strong possibility that the infection will spread to Costa Rica.

USDA is working with Costa Rican crop estimating technicians to institute a system of agricultural area frame sampling. This system, when operational, will enable technicians to provide policy makers with quick and accurate estimates of all major crops on a regular basis throughout the growing season, thus allowing policy makers opportunity to plan agricultural strategy on a rational basis. Several Central American regional programs are also operational. A USDA Agricultural Information and Research Team is based in Costa Rica and working in conjunction with AID and Inter-American Institute of Agricultural Sciences (IICA) officials throughout the Region. Also in operation is a grain standardization program and assistance to AID and the international lending agencies as they call on USDA for support of specific programs.

ECUADOR

Agriculture remains the dominant economic activity in Ecuador, producing about 30 percent of the national income and employing nearly 60 percent of the labor force. Agricultural lands, limited to about 20 percent of its 109,500 square mile area, are located mainly in the temperate Andean highlands and bordering Pacific Coast areas. Bananas, cocoa beans, coffee, sugarcane, and rice are the principal commercial crops produced for export on larger farms, typical along the coast and lower mountain areas. Domestic crops, including wheat, barley and potatoes, and livestock are important on smaller farms in the higher valleys. Agricultural growth, estimated at 3-4 percent annually, has been associated mainly with expansion in bananas, cocoa beans, sugar and other farm commodities which provide about 37 percent of total exports. Wheat, vegetable oils, tobacco, feedgrains and processed agricultural products account for less than 10 percent of total imports. The United States provides a market for 40-50 percent of Ecuador's agricultural exports and supplies about 70 percent of its imports.

In common with most countries that have received a bonanza in one sector of the conomy (in this case petroleum), agriculture has received little benefit. Nonetheless, agriculture has maintained a more or less steady increase in line with population growth, which is better than many agricultural economies in other countries have been able to do. Jamaica with bauxite and Venezuela with petroleum are examples that one could compare with Ecuador. As national resources expand, however, more effort should be put into the agricultural sector. Credit availability and extension services are deficient. Both cocoa and coffee production fluctuate markedly and improved practices could bring them up to a higher plateau. With high 1977 prices for these commodities, this would have proved helpful for the economy. Ecuador imports basic grains and will likely continue to do so. Low banana prices and high transportation costs have caused some difficulties for the very efficient Ecuadorian producers.

AID is phasing out its assistance work in Ecuador as the country continues its rapid economic growth. As a consequence, USDA contributions have been small. A crop insurance consultant has visited the country and assisted local technicians. A followup consultation has been requested and will be scheduled in the near future.

PERU

Peru's 496,000 square mile area is the fourth largest in Latin America. Agriculture is limited to less than one-fourth of the total because of unusually rugged terrain and extremes of climate associated with the high Andean Mountains running its length. It is the largest economic sector, producing 20-25 percent of the national income and providing employment for an estimated 45 percent of the working population. Large farm operations typical in the irrigated coastal areas produce export crops, mainly sugarcane and cotton, and rice and other commercial crops for domestic consumption. Extensive cattle farms are interspersed with small farms which produce wheat, barley, potatoes, coffee and other food crops in the temperate highlands. Cotton, sugar, and coffee are the main agricultural products which currently provide about one-fourth of Peru's total exports. Domestic production is supplemented by large purchases of wheat, feedgrains, fats and oils, and processed foods, which account for 20-30 percent of imports. An estimated 15 percent of Peru's agricultural exports move to the United States, which in turn supplies 50-75 percent of Peru's imports of farm products.

Agriculture in Peru suffers from two basic difficulties: a shortage of arable land and production shortfalls in the cooperative production sector. Large irrigation works are underway to increase productive land area. Colonization efforts in the high jungle areas east of the Andes would bring new land into cultivation. These are very capital intensive efforts and require intensive planning efforts. Results, however, may be slower than desirable. Much of the cooperative agricultural sector operates what were once the largest private enterprise agricultural operations in the country. Labor and management problems remain, but are probably capable of solution. Even with the best possible efforts, Peru will remain an importer of basic grains for the foreseeable future. Cotton production should be increased as land and labor problems are solved, and sugarcane has vast possibilities.

USDA technical people have discussed cooperative efforts with Peruvian officials up to the Vice Minister level. Little activity has taken place recently, but that will probably change as the Peruvian agricultural economy moves toward more of a free market orientation.

COLOMBIA

Colombia ranks fifth in size among the Latin American countries, but more than one-half of its 440,000 square mile area is heavily forested tropical lowlands. Agricultural lands, comprising 17 percent of the area, occupy the subtropical and temperate Andean valleys and plateaus and the north Caribbean lowlands. Agriculture is the major economic sector, which produces 25-30 percent of national income and employs 47 percent of the labor force. Agriculture provides more than 75 percent of total exports. Coffee, the principal export, is mainly grown on small highland farms with corn, beans and other basic food crops. Larger commercial farms in the lower valleys produce cotton, rice, sugarcane, and oilseeds for the domestic and export markets. Smaller farms, typical in the higher valleys, produce limited quantities of wheat, barley and potatoes for the main markets. Extensive cattle grazing is typical on the outlying Andean plateaus and northern lowlands. Bananas are produced for export in high rainfall areas in these coastal regions. Agricultural output has been increasing at a yearly rate exceeding 3 percent, reflecting strong expansion in food commodities, including sugar, bananas, potatoes, sorghum grains and meat. Agricultural commodities, mainly grains, and fats and oils, account for 10-15 percent of total imports. About 40 percent of agricultural export trade and 60 percent of agricultural import trade is with the United States.

Agriculture has ridden on an even keel for some years. Occasional natural disasters have cut production for some products, but changes have been minor. Coffee, particularly in years of high prices, such as 1976 and 1977, provides a major source of export earnings. The presence of coffee rust in both Brazil and Nicaragua, as well as falling international prices, could pose problems to the sector. A recent expansion of sugarcane acreage in response to temporary high prices was probably a tactical error--though one repeated worldwide, including in the United States.

USDA at one time maintained a rather large technical assistance program, including work on agricultural transportation, marketing and sector analysis. This was recently phased out, and there is no active technical assistance project underway at this time.

VENEZUELA

Agricultural lands are limited to about 20 percent of Venezuela's total area of 352,000 square miles. It ranks as a minor economic sector, accounting far less than 10 percent of the national income and about 20 percent of the labor force, which is strongly oriented to industry and service activities. Commercial farm production of the Andean highlands tends to be small scale and specialized in coffee, sugarcane, cocoa beans, rice, grains, and dairy products. Numerous small farms also produce basic food crops including corn, beans, and bananas for home use and local sale. Extensive cattle grazing operations are typical in southeastern lowlands. During recent years, expansion of crop production has been limited and growth of agriculture, averaging 2-3 percent annually, has been in meat and dairy products. Agricultural exports remain limited to coffee, cocoa beans, rice, and sugar. Imports of grains, oilseeds and oilseed meals have increased strongly in response to growing demand. Agricultural imports, principally from the United States, currently account for 10-15 percent of Venezuela's total imports.

Agricultural production has consistently fallen below the expectations of policy planners. This is partly the result of movement from the land to the urban and petroleum producing areas by rural people. Large imports of food products, which at times have sold at subsidized prices (wheat is an example), may have served to depress local production. Planning has sometimes caused difficulties--for example, planned sugarcane acreage can provide only half the cane needed by processing plants. Agrarian reform has been less than the success desired, but attempts have been made. Venezuela has the economic resources to devote to improving agricultural productivity, and improvements may come as proper inputs are made.

USDA has not been active in agricultural technical assistance for several years. Recently, however, the Minister of Agriculture requested that USDA discuss with his head of Livestock Research a proposal for control of Africanized bees which are entering the country from Guyana and Brazil. USDA technical people met with the Venezuelans and outlined a proposal. A final decision by Venezuela Ministry of Agriculture officials has not yet been received.

BRAZIL

Brazil's 3.3 million square mile area is one of the world's largest and most diverse and exceeds that of the United States, excluding Alaska. Agricultural production occurring on about 16 percent of the area provides about 17 percent of national income, which is secondary to the manufacturing and service sectors. However, agriculture employs about 45 percent of the labor force and currently provides about 60 percent of the nation's export earnings. Although agriculture has expanded into new areas in recent years, production is still concentrated in the eastern one-third of the country. Coffee, sugar cane, cotton, and soybeans are the principal export crops, which are grown on large farms in east-central and southern zones. These areas are also important for commercial production of corn, rice, and wheat, which have expanded rapidly in recent years. Brazil has one of the world's largest cattle populations, and extensive grazing enterprises are typical on subtropical grassland bordering the crop zones. Brazil is nearly self-sufficient in agricultural production; the major exceptions are wheat and deciduous fruits imported mainly from Argentina and the United States.

The major problems of Brazilian agriculture are confined to the semi-arid regions of the Northeast. It is here in the worked-out sugarcane fields and mineral-deficient brush that most rural poverty exists. Considerable local resources are being devoted toward a solution to these problems. A massive program aimed at producing alcohol from sweet potatoes and sugarcane to substitute for petroleum in operating internal combustion engines could help move toward a solution. The modern agriculture of southern Brazil seems able to respond to even such potential disasters as the recent coffee freeze without difficulty.

The last piece of extensive USDA technical assistance was finished at the end of 1976. Talks are underway to revive technical cooperation with Brazil providing financing for such a program.

THE WHITE HOUSE
WASHINGTON

May 25, 1977

Hugh Carter

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Government Facilities in
Plains

THE WHITE HOUSE
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
		EIZENSTAT	CAB DECISION
		JORDAN	EXECUTIVE ORDER
		LIPSHUTZ	Comments due to
		MOORE	Carp/Huron within
		POWELL	48 hours; due to
		WATSON	Staff Secretary
			next day

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON		KRAFT
	BOURNE		LANCE
	BRZEZINSKI		LINDER
	BUTLER		MITCHELL
	CARP		POSTON
<input checked="" type="checkbox"/>	H. CARTER		PRESS
	CLOUGH		B. RAINWATER
	FALLOWS		SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
	KING		VOORDE

THE WHITE HOUSE

WASHINGTON

May 24, 1977

*Hugh - Held
ok - all
down costs - including
rents -
J.C.*

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

SUBJECT: Government Facilities in Plains

As follow-up to the recent discussion we had with Herb Upton and Colonel Dave Pirnie in regard to military facilities in Plains, this memo addresses the current status.

Based on your indication that trips to Plains will be infrequent, there is no economic justification for constructing any permanent military facilities. We determined in our meeting that helicopter facilities would also be unnecessary.

You indicated that if anything is built you would prefer only one facility, that could possibly also be used after you leave office. At the present time, there does not appear to be a need for constructing a facility of any type, and Plains trips can be handled most economically by treating it as any other trip.

In analyzing this situation, we determined the following:

1. Office space for working staff will be needed from time to time when you visit Plains. We currently have 800 square feet of space in the Federal Office Building in Americus that should be adequate when we go to Plains. GSA does not have appropriated funds for construction of a permanent facility for this use, and any such construction would most likely require going back to Congress for the money. GSA's normal procedure, when office space is required, is to find rentable space. We now have this, and should rentable space become available in Plains, we would consider using it rather than Americus.

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for Preservation Purposes**

2. You mentioned the possibility of building a facility on land that you own near the Post Office. By statute, GSA is not able to build a permanent improvement on land the government does not own. This problem can be overcome by using temporary or relocatable units, which can be placed on leased land; or by having someone else build the facility and then lease it to GSA. You indicated that a temporary facility would not be suitable; and it is doubtful that anyone would build a facility for lease back to GSA since the need, hence rental income, does not exist at this time. These points should be kept in mind, however, when a need arises under the Former President's Act.
3. You should be aware that the only facilities built for President Ford when he was in Office were Secret Service facilities at his residence.
4. As Secret Service does have the requirement of protecting your residence at all times, they are attempting to find the most economical means of doing so. At the present time, leasing the house next door to yours is a possibility and GSA is handling the leasing negotiations. If the house is leased, enough space is available to handle communications needs and berthing space for the Military Aide and Doctor in a trip situation. Permanent communication lines would be justifiable only if at least six trips per year are made to Plains, so we would not put them in unless your plans for frequency of visits to Plains change.

In summary, it appears that building something in Plains is not the right thing to do at this time. This does have the advantage, however, of not locking you into a particular facility or location that you might feel obligated to use when you exercise your privileges under the Former President's Act.

If the situation changes in the future, I will consult with you before any construction is undertaken and will keep in mind the aspect of a single facility for use both during and after your tenure.

THE WHITE HOUSE
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
		EIZENSTAT	CAB DECISION
		JORDAN	EXECUTIVE ORDER
		LIPSHUTZ	Comments due to
		MOORE	Carp/Huron within
		POWELL	48 hours; due to
		WATSON	Staff Secretary
			next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON		KRAFT
	BOURNE		LANCE
	BRZEZINSKI		LINDER
	BUTLER		MITCHELL
	CARP		POSTON
	H. CARTER	X	PRESS
	CLOUGH		B. RAINWATER
	FALLOWS		SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
	KING		VOORDE

THE WHITE HOUSE
WASHINGTON

May 25, 1977

Frank Press -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Trends in US International
Position in Technology

THE WHITE HOUSE
WASHINGTON

*Frank -
I'd like answers
to the ?'s
JC*

May 24, 1977

THE PRESIDENT HAS SEEN.

MEMORANDUM TO THE PRESIDENT

FROM Frank Press *FP*

SUBJECT Trends in US international position in technology over the past 10-15 years: Preview of an NSF report.

1. R&D expenditures, government and private, as percent of GNP (Figure 1): US, UK trend is down; Japan, West Germany, USSR show positive growth.
2. R&D personnel (Figure 2): Positive growth in USSR, Japan, West Germany with US approximately constant. USSR organization is so different from ours that comparison of expenditures and manpower is uncertain.
3. Patent balance (Figure 3): Fell about 47% over the past 10 years due to increasing number of US patents awarded to foreigners and leveling off and eventual decline in foreign patents awarded to US citizens. (For example, the number of patents granted to Japanese inventors increased fivefold in periods 1966-75.)
4. Major Technological Innovation (Figure 4): US share fell from 80% of total to 58% against increases by other western nations, mostly Japan. About 50% of our R&D budget is for defense, 5% for advancement of knowledge. The reverse is true for Japan.
5. R&D and balance of payments (Figure 5): High technology products (aircraft, computers, oil equipment) have been responsible for yielding US surpluses against trade deficits incurred by low technology products (automobiles, textiles, etc.)

Questions raised by these trends: US technology overall is still the best in the world.

1. Can we maintain our position in the face of these trends?
2. Are the trends to be expected because our earlier position was unsustainably high due to large DOD and NASA expenditures, of the 1960's, and the post-war depressed state of other nations?
3. Are our R&D managers in industry and government mortgaging the future by not investing enough in research?

Working with OMB, I will seek answers to these questions. If you would like a fuller briefing, please let me know.

Figure 1.

Gross Expenditures for performance of R&D (GERD) ¹
as a percent of Gross National Product (GNP) by
country, 1961-76. Govt. and private.

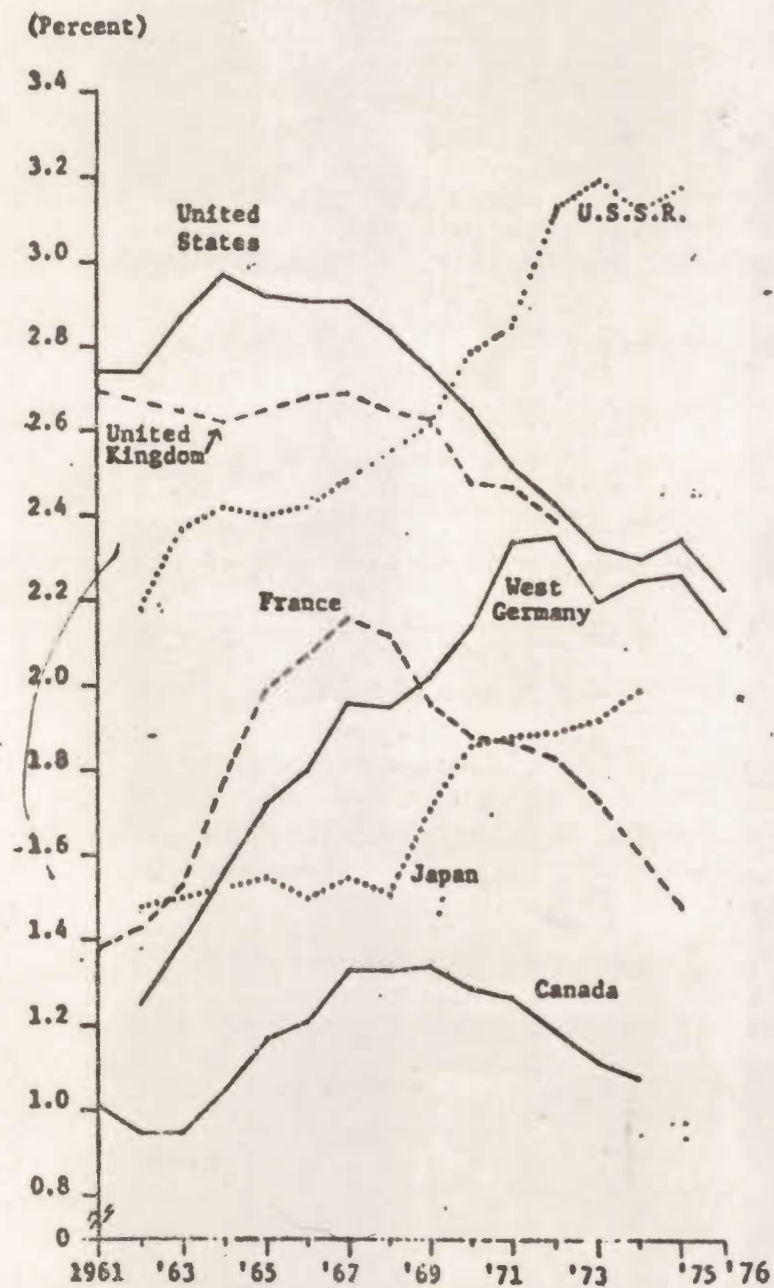


Figure 2.

Scientists and engineers¹ engaged in R&D per 10,000 population by country, 1965-75

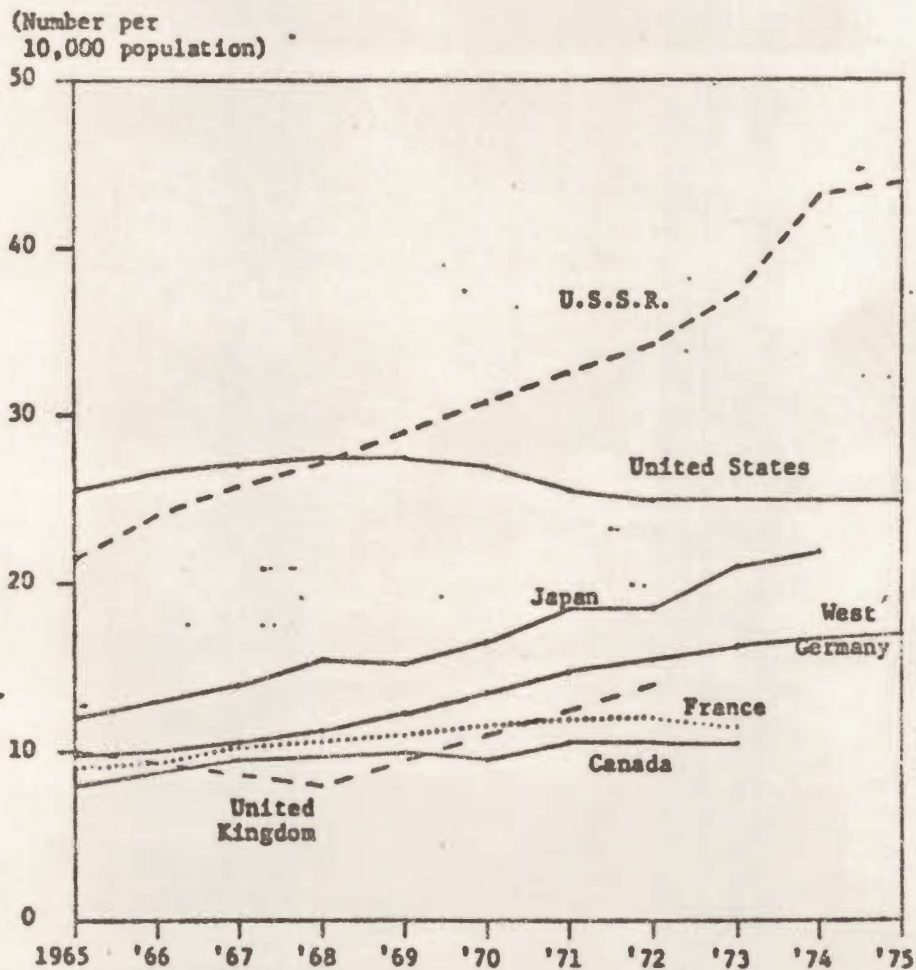
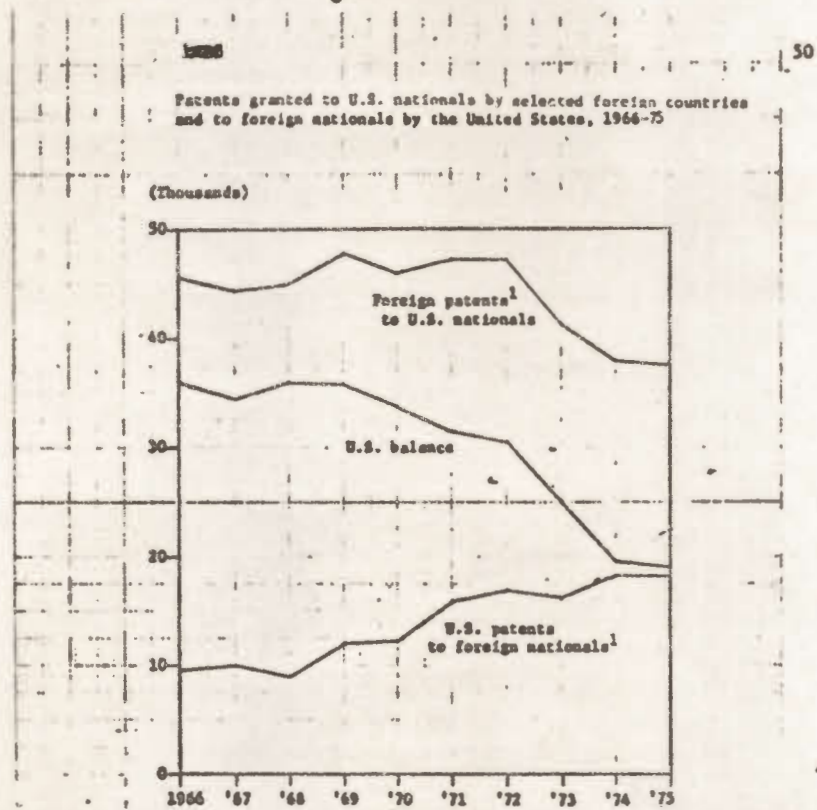
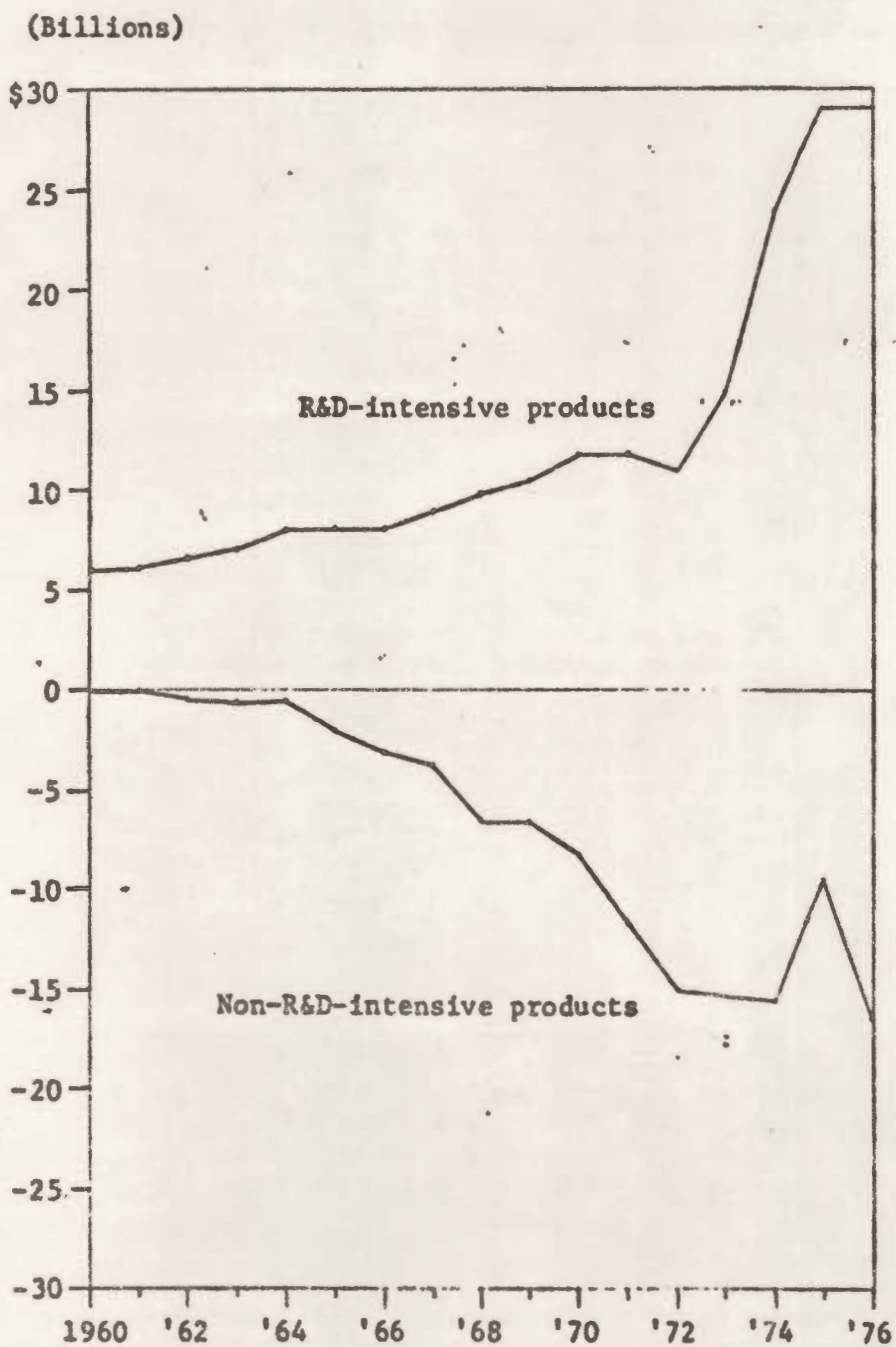


Figure 3.



1-28

U.S. trade balance¹ in R&D-intensive and
non-R&D-intensive manufactured products,
1960-76

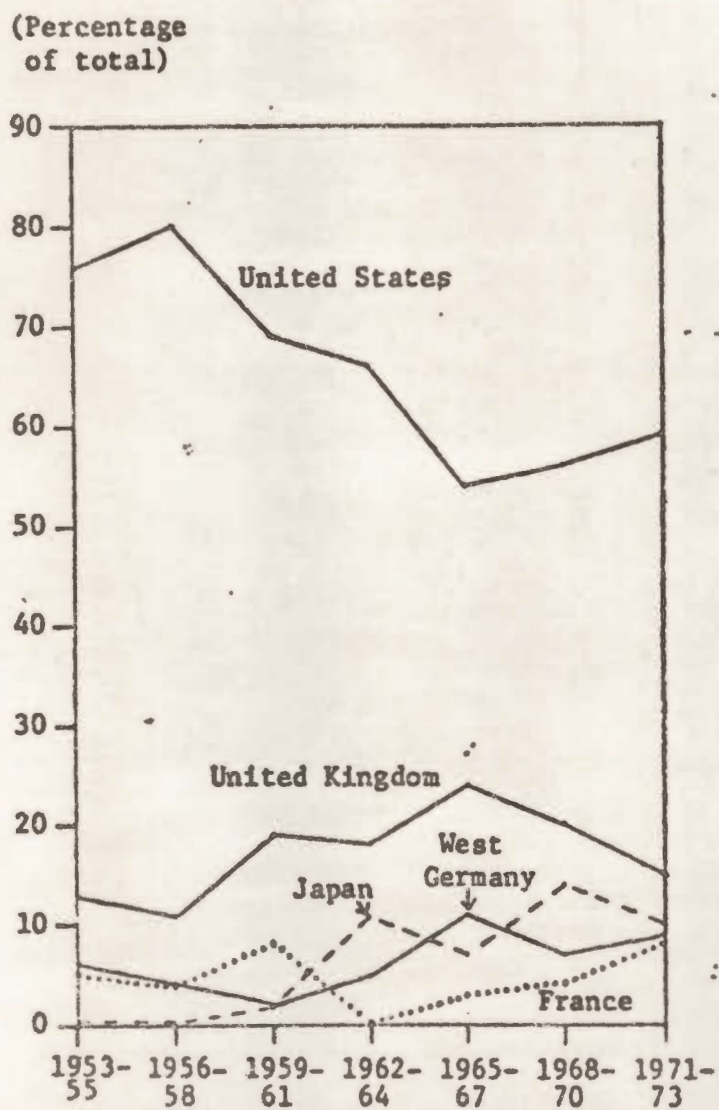


¹Exports less imports.

SOURCE: Appendix Table 1-23.

Figure 5.

Major technological innovations
by selected countries, 1953-73



REFERENCE: Appendix Table 1-17.

THE WHITE HOUSE
WASHINGTON

May 25, 1977

Frank Moore -

The attached was returned in the
President's outbox and is
forwarded to you for your infor-
mation.

Rick Hutcheson

Re: Congressional Mail Report
5/25/77

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND


<input type="checkbox"/>	ARAGON
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<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
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<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

SUMMARY OF CONGRESSIONAL MAIL TO THE PRESIDENT

DATE: May 25, 1977PAGE: -1-

THE PRESIDENT HAS BEEN.

<u>FROM</u>	<u>SUBJECT</u>	<u>DISPOSITION</u>	<u>COMMENTS</u>
Rep. Norman Lent	Distressed because WH staff would not meet with several hundred veterans and families who traveled to Washington to express concern about MIA's; chairman of the group met with staff earlier, but Lent feels someone should have spoken to the group when they came to the WH; believes these veterans now feel the Administration does not care about MIA's.	acknowledge by FM	
Rep. Frank Annunzio	Constituent group, "Women's Assn. for the Defense of Four Freedoms for Ukraine", forward points they hope you will include in discussions at Belgrade Conference.	acknowledge by FM; forward to State	
Sen. Tom Eagleton	Would like to meet with you to discuss transfer of communications facility from Richards-Gebaur A.F.B. in Missouri to Scott A.F.B. in Illinois.	IGR	
Chmn. Bizz Johnson	Thanks for invitation to WH Conference on Handicapped, but cannot come.	N/A	
Sen. Jennings Randolph	Thanks for meeting on TVA.	N/A	
Sen. John Melcher	Concerned about FDA's change in standards for frozen desserts.	hold for FDA draft (will go in FM's name)	

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5/25/77

3:35 p.m.

THE PRESIDENT HAS SEEN.

done
J

TODAY SHOW MESSAGE FOR HUBERT HUMPHREY

Hubert, congratulations. It's not often that someone gets invited to celebrate his birthday on national television, but in your case it seems exactly right -- its an indication of the very special affection and gratitude the American people have for you.

You've always stood for two of the very best aspects of our national spirit. Because you genuinely care about people, you've never stopped trying to make individuals' lives better and more fulfilling. And because you are an optimist, you've never lost faith in the ability of Americans to solve their problems. Between you and Fritz Mondale, the people of America owe a lot to Minnesota.

When I first got involved in national politics, somebody warned me that Hubert Humphrey had more solutions than the country had problems. If that was ever the case, Hubert, I found out when I took office that the country has more than caught up with you.

OPTIONAL

We have been friends for years, and I value the strength and encouragement you have given me. Your hard work in the Senate sets an example for everyone. I wish half the young people on my staff had as much energy as you do.

I'm looking forward to many more years of friendship and common effort, with great admiration for your service to this nation, Hubert. God bless you.

#

11 30 A.M.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

May 24, 1977

MEETING WITH THE TENNESSEE CONGRESSIONAL DELEGATION

Wednesday, May 25, 1977

11:30 a.m. (20 minutes)

Cabinet Room

From: Frank Moore *F.M.*

I. PURPOSE

To discuss the benefits of choosing Milan for the new RDX/HMX explosives plant facility and Oak Ridge for the centrifuge facility.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: Senator Sasser, who has been under a great deal of pressure from his constituents regarding Milan and Oak Ridge, requested this meeting to give the delegation an opportunity to express their opinion in favor of choosing these two Tennessee sites.

Milan is a government-owned facility located in west-central Tennessee. It was built in 1941, comprises some 22,000 acres, and currently employs 1,250 people. It is one of the final three candidate sites for a new RDX/HMX explosives plant. Newport AAP (Indiana) and McAlester Naval Ammunition Depot (Oklahoma) are the other two.

The April 20 Energy Message announced that the U.S. would expand its enrichment capacity by building a new centrifuge facility. Candidate sites for location of the centrifuge are Oak Ridge and Portsmouth Ohio.

- B. Participants: The President
James Schlesinger
Senator Howard Baker, Jr. (R-Tenn.)
Senator James Sasser (D-Tenn.)
Rep. Clifford Allen (D-Tenn.)
Rep. John J. Duncan (R-Tenn.)
Rep. Harold E. Ford (D-Tenn.)
Rep. Albert H. Gore, Jr. (D-Tenn.)
Rep. Ed Jones (D-Tenn.)
Rep. Marilyn Lloyd (D-Tenn.)
Rep. James H. Quillen (R-Tenn.)
Governor Ray Blanton

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From the Staff: Stu Eizenstat
Frank Moore
Dan Tate
Jim Free

C. Press Plan: White House Photo Only.

III. TALKING POINTS

A. Milan

1. The May 20 Weekly Status Report from Secretary Brown summarizes the issues and explains the current status of a new RDX/HMX site.
2. No decision has been reached on a plant location or whether a new major facility is, in fact, necessary.
3. The RDX/HMX Program calls for a \$700 million facility to be funded over the next 5 years. The House and Senate Armed Services Committees have authorized \$334,700,000 for the construction of an RDX expansion facility. This is the cost figure shown for Milan--both Newport and McAlester are higher.
4. The issue at Milan is not a potential closing but a possible expansion.

B. Oak Ridge

1. Oak Ridge is the site of the Clinch River Breeder Reactor. Because of the proliferation risks of continuing with a program aimed at commercialization of the breeder, the Energy Plan recommends deferring all construction and licensing of the Clinch River Breeder Reactor. The Phase I design stage of the Clinch River Project would be completed (cost \$40-\$50 million) and the resources available at Clinch River would be devoted to study alternatives to the liquid metal fast breeder. (These alternatives include the thorium breeder.) The longer range U.S. breeder program has not been terminated, but it will continue at a slightly slower pace without emphasis on an early decision on commercialization of the LMFBR.
2. No decision has been reached on whether Oak Ridge or Portsmouth should be recommended for a new centrifuge facility.

FRANK PRESS COMMENTS

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY

WASHINGTON, D.C. 20500

May 18, 1977

MEMORANDUM FOR THE PRESIDENT
FROM: Frank Press **FP**
SUBJECT: Oak Ridge National Laboratory (ORNL)

In view of recent decisions, there will be displaced technical staff.

ONRL has expertise and ongoing activity in a number of fields and expansion of one or more of these would be consistent with your energy policy. These are:

1. R&D in alternate fuel cycles, utilizing thorium such as the Molten Salt Breeder Reactor and the High Temperature Gas Reactor. These approaches have advantages in lower generating costs and lower proliferation risk over the Shippingport LWBR. (Employment impact 600-800 technical plus support staff)
2. Energy conservation R&D. (100 technical plus support staff)
3. Coal utilization research - extraction, combustion, health effects. (300 technical plus support staff)

When you meet with Senator Sasser and the Tennessee Congressional delegation on May 25, these possibilities could come up in the discussion. Item I could serve to defuse Congressional efforts to reinstitute the fast breeder.

915

THE PRESIDENT HAS SEEN.
THE WHITE HOUSE
WASHINGTON

C

May 24, 1977

MEMO FOR THE PRESIDENT

FROM: Jim Fallows *Ji*

SUBJECT: Interview with New York Times Book Review, May 25

The Times asked for this interview back in January; they plan to run it in the Sunday Book Review alongside a review of the book of campaign speeches. (Its title is "A Government As Good As Its People.")

Harvey Shapiro--who is a poet and also editor of the book review--will do most of the questioning. He will probably be accompanied by one other person from the book review staff (most likely Richard Locke or Richard Lingeman.)

Shapiro is likely to ask two kinds of questions:

first, about this book of speeches, and about your general philosophy of oratory and speaking to the public. (You might bear in mind that a heavy proportion of the speeches in the book are either ones you wrote yourself or ones you delivered extemporaneously, rather than ones that Pat Anderson helped draft.)

second, about books in general--what you've been reading, what books stick in your mind, what writers you like, et cetera.

I am attaching a copy of the speech book in case you want to look through it.

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for Preservation Purposes**

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

May 25, 1977

MEMORANDUM TO THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Senate Action on the Farm Bill

Two Administration-backed amendments sponsored by Senator Muskie were defeated by the Senate in close votes yesterday.

The first Muskie amendment would have substituted the House Agriculture Committee's wheat target price for the current crop year. It was narrowly beaten by a vote of 45 yeas to 50 nays. At one point in the rollcall, our side had 50 votes, but several Senators switched their votes at the last second as a result of arm-twisting and log-rolling.

The second Muskie amendment would have substituted the House Agriculture Committee's target prices and loan levels for wheat and feed grains for the "out" years. It was defeated by a vote of 43 yeas to 51 nays -- a surprisingly narrow margin to all concerned. You may recall that we had not counted on Muskie bringing this proposal to a vote, but he got mad after the first amendment was beaten and decided to push the second.

My staff has talked with Senators Talmadge, Humphrey, and Muskie and all feel that the Senate conferees should accept the House commodity provisions in conference and that the closeness of the votes on the Muskie amendments would make it easier for them to do so. A wide margin of defeat would have been disastrous to this strategy.

In any event, it is too early to concede. We have Senators willing at this point to help us accomplish our goals and thus avoid our having to veto the bill. Now we have to go to work in the House to make sure the House Committee's bill is passed so we can set the stage for our conference strategy.

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for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

May 25, 1977

Jody Powell
Jim Fallows

The attached was returned in the
President's outbox and is forwarded
to you for your information.

Rick Hutcheson

Re: Notre Dame Speech

THE WHITE HOUSE
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
		EIZENSTAT	CAB DECISION
		JORDAN	EXECUTIVE ORDER
		LIPSHUTZ	Comments due to
		MOORE	Carp/Huron within
	X	POWELL	48 hours; due to
		WATSON	Staff Secretary
			next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON		KRAFT
	BOURNE		LANCE
	BRZEZINSKI		LINDER
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	CARP		POSTON
	H. CARTER		PRESS
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	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
	KING		VOORDE

THE WHITE HOUSE

WASHINGTON

May 24, 1977

Jody -
J

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR THE PRESIDENT

THROUGH: JODY POWELL *J*

FROM: REX GRANUM *R*

The Notre Dame speech was an excellent one, and its general reception has certainly been positive.

But there was a problem with your delivery. You seemed to sort of race through the speech, speaking faster than normal and allowing no time between lines for applause. This was noted in at least one press report, which I have attached.

A slower cadence and allowing for applause would have given a greater appearance of acceptance and enthusiasm for the ideals you expressed, and you may want to consider that in preparation for future speeches.

We can make arrangements to have the speech replayed. You may wish to view it to see if you agree.

*It was too long - no need
even after my cuts - to see it -*
J

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for Preservation Purposes**

Where Others Feared to Tread

Carter at Notre Dame: Like Campaign Movie

By Fred Barnes

Washington Star Staff Writer

SOUTH BEND, Ind. — You can almost measure the temper of the times by what happens to presidents when they visit Notre Dame University — or when they are reluctant to come at all.

Presidents Lyndon B. Johnson and Richard M. Nixon didn't visit this campus. Though it is hardly a hotbed of student radicalism, there was enough dissatisfaction with American involvement in the Vietnam war at Notre Dame to keep Johnson and Nixon away from here and virtually every other college.

Eight months after Gerald Ford became president, however, he came to Notre Dame and was warmly received. An effort by some students to stage a mammoth walkout from Ford's speech fizzled; only 60 or so students departed.

And yesterday, President Carter appeared on the campus to deliver a speech outlining his foreign policy. This time, there were no plans for picketing or walkouts; Carter was received with full-blown enthusiasm.

When the President entered the gymnasium, the cheering began slowly from the packed house of nearly 13,000 people attending Notre Dame's spring commencement. As

Carter walked toward the platform, the applause rose to thunderous proportions.

The first business on the agenda was the awarding of an honorary doctorate to the President, and he was cheered lustily again when he stepped up to receive a hood over his black academic gown.

When he came to the podium to deliver his speech, Carter drew prolonged applause which delayed him in beginning the address. Oddly, he was interrupted only twice by clapping during the speech, though there were a number of applause lines in it.

The President was cheered again when he departed for Washington. Overall, it was the kind of appearance from which film clips for a campaign movie could be drawn.

At one point, a group of students tossed peanuts in the air to celebrate their graduation and the presence of a former Georgia peanut farmer.

"You may have started a new graduation trend which I don't deplore," the President commented at the outset of his speech. "That is, throwing peanuts on graduation day."

This evoked laughter, and so did the comment which followed. "The more you consume, the higher the price goes," he said.

THE WHITE HOUSE
WASHINGTON

May 25, 1977

Stu Eizenstat
Frank Moore

The attached was returned in
the President's outbox and is
forwarded to you for your
information.

. Rick Hutcheson .

Re; Secretary Califano's Briefing
on Welfare Reform

THE WHITE HOUSE
WASHINGTON

ACTION	FYI

MONDALE
COSTANZA
EIZENSTAT
JORDAN
LIPSHUTZ
MOORE
POWELL
WATSON

ENROLLED BILL
AGENCY REPORT
CAB DECISION
EXECUTIVE ORDER
Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

FOR STAFFING
FOR INFORMATION
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IMMEDIATE TURNAROUND

ARAGON
BOURNE
BRZEZINSKI
BUTLER
CARP
H. CARTER
CLOUGH
FALLOWS
FIRST LADY
GAMMILL
HARDEN
HOYT
HUTCHESON
JAGODA
KING

KRAFT
LANCE
LINDER
MITCHELL
POSTON
PRESS
B. RAINWATER
SCHLESINGER
SCHNEIDERS
SCHULTZE
SIEGEL
SMITH
STRAUSS
WELLS
VOORDE

ACTION REQUIRED BY:
1:00 P.M. TODAY

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN.

May 25, 1977

done
J

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *SE*
SUBJECT: Secretary Califano Briefing on
Welfare Reform

Secretary Califano is holding a press briefing on welfare reform today at 1:00 p.m. Senator Long will be conciliatory, Senator Moynihan generally supportive, but Representative Ullman is inclined to attack our proposal as "a negative income tax" and "a rerun of FAP". It will be helpful if you could call Representative Ullman, who apparently feels left out, and make the following points:

- We are grateful for his support on our hospital cost containment proposal.
- You would appreciate very much if he could withhold public criticism over our welfare plan until he has had full opportunity for briefings and mutual discussions with Marshall and Califano.
- On greater examination we think he will find our plan very different from FAP, that our plan is built around the notion of providing employment to all those who can work, and that we have tried stronger incentives for private employment and public employment as a last resort, rather than providing a universal guaranteed income and relying on a bureaucratic work requirement as was the approach under FAP.
- Finally, you might point out that the proposals which Califano will discuss at his press briefing are generally the basis for substantive discussions with members of Congress, state and local officials, and others.

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for Preservation Purposes**

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

May 25, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS *JF*

SUBJECT: Democratic Congressional Dinner

Jerry Doolittle has a few more jokes for the Democratic Congressional Dinner tonight.

Prime Minister Callaghan was kind enough to give me some material with the initials J.C.--or James Callaghan--woven in as the pin stripes. I had a suit made from it. I intend to wear it pretty regularly, because if I can't wear it out in four years I have to turn it over to the General Services Administration.

It'll come in pretty handy in case we ever elect another President who wears a size _____, with a _____-inch waist.

(From now on, to be elected President, you'll have to be born in America, be at least 35 years of age, and wear a size _____.)

They say Presidents are more at ease in the foreign affairs field, because they have more direct control than they do here in Washington, with you gentlemen exercising your constitutional right to check--and sometimes mate.

I believed that till I went to London, and found I couldn't even get Dylan Thomas into Westminster Abbey.

My staff made reservations at Claridge's, but I had them changed to a somewhat more modest hotel. I did it for the press, really. I thought the cultural shock would be too great, going to Claridge's straight from the Best Western Motel in Americus.

Very few of them saw it that way, though. They long for the days of the Imperial Press Corps.

The Sunday Times of London said I looked like an intelligent gun dog. Which certainly beats being called a plain old gun dog, I guess.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

May 24, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS *Jm*
SUBJECT: Drop-by and Remarks at the Democratic
Congressional Dinner

Jerry Doolittle and Griffin Smith have prepared the following suggestions for your Drop-by at the Democratic Congressional Dinner:

1. HUMOR.

* "I had an interesting time talking with Crown Prince Fahd yesterday. In many ways the King of Saudi Arabia has an easier (harder?) job dealing with his government than I do with Congress. Most of them are his relatives.

"While I was meeting with the Crown Prince, a curious thought kept running through my mind. If this were Saudi Arabia, I thought, Billy would be a Crown Prince."

* "It's true that I've had my differences of opinion with some of you here from time to time. But I think I've come up with a very satisfactory way to resolve them. I've decided to commission each of you as a Major General in the U.S. Army."

* "Did you read about the woman down in San Antonio who got buried with her Ferrari? Just the other day, Tip O'Neill suggested that, when the time comes, he'll be glad to arrange for me to be buried with eighteen water projects."

2. ACKNOWLEDGEMENTS.

You will of course mention Senators Byrd and Cranston, and Representatives O'Neill, Wright, and Brademas. Frank Moore's office suggests that you also mention Senator Ford and Representative Corman, chairmen of their respective campaign committees, as well as the two co-chairmen of the Dinner: S. Lee Kling and Charles T. Manatt.

x

3. You could say that despite the disagreements you and the Congress have had, it's important to recall that you have worked together successfully on legislation to restore public confidence in government (the ethics reform), to make government more responsive and efficient (the reorganization authority), and to invigorate the economy through governmental action (the Economic Recovery Program). As in the opera, the dissonant moments make the final harmony seem so much better.

4. A common thread linking your recent Messages to Congress is the need to undertake certain fundamental, long-overdue social changes in a fiscally-responsible, realistic way. Thus you are trying to strengthen the financial base of the savings system by which most Americans provide for their future (Social Security reform); you are trying to control the most alarming aspect of runaway health costs (Hospital Cost Limitation); and you are trying to control pollution and preserve wilderness and parkland without extravagant new programs (the environmental Message). The same principles will underlie your forthcoming Messages on Welfare Reform, Tax Reform, and Health Insurance.

The public is coming to understand the difference between this decade and that of the 1960's: our problems are no less serious, but the money to solve them is not limitless, and could not altogether solve them even if it were. We mustn't stop trying to find the solutions, but we have to approach the job with a healthy realism that recognizes that "ideal" solutions don't always succeed -- and that the public has grown wise enough not to demand them.

5. Frank Moore's office would also like for you to mention certain controversial issues now under consideration: Voter Registration, Energy, and the Consumer Agency. His staff also suggests that you mention the need for everyone to pull together strongly for the 1978 elections.

THE WHITE HOUSE
WASHINGTON

May 25, 1977

Bob Lipshutz -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Stu Eizenstat
Frank Moore
Jack Watson
Bert Lance

Re: Senator's Request for Draft
Testimony

THE WHITE HOUSE
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
	X	EIZENSTAT	CAB DECISION
		JORDAN	EXECUTIVE ORDER
	X	LIPSHUTZ	Comments due to
	X	MOORE	Carp/Huron within
		POWELL	48 hours; due to
	X	WATSON	Staff Secretary
			next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
X	LANCE
	LINDER
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	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

**Electrostatic Copy Made
for Preservation Purposes**

May 23, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

ROBERT LIPSHUTZ

MARGARET MCKENNA

RL
mm

SUBJECT:

Senator's Request for Draft Testimony

Senator Abourezk has demanded a copy of the draft testimony of Assistant Secretary Baruch, Department of Commerce, on S. 825 (Voluntary Standards and Accreditation Act of 1977). The draft testimony, which was generally favorable to the objectives of the bill, contradicts the Administration's position which was presented in testimony by Dr. Baruch on May 19. The position presented stated that the bill would unnecessarily inject the Federal Government into the process of developing standards, that authority to fulfill these objectives already exists in the Federal Trade Commission, and that the costs outweigh the benefits.

OMB has always considered the draft views and testimony submitted by agencies to contain advice and recommendations to the President. For this reason, they have consistently opposed the release of such documents to the Congress or to the public until several years have passed following their submission. There is strong legal precedent to support this position. We also suggest that making available draft testimony which contradicts an Administration position on legislation creates enormous political problems.

We recommend that we refuse Senator Abourezk's demand for a copy of the testimony on the grounds that it is a "preliminary work product."

Agree

✓

Disagree

J.C.

The Justice Department and our office are analyzing the issue of requests for documents and Executive privilege and will present our recommendations to you shortly. If the Senator is successful in securing a subpoena from the Committee, we will work with the Justice Department to compose an answer which will refuse the request to produce the document. We hope to find a sound legal basis to answer the subpoena without using the term Executive privilege.

THE WHITE HOUSE
WASHINGTON

cc Bergland

ACTION
FYI

	MONDALE
	COSTANZA
X	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
X	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
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48 hours; due to
Staff Secretary
next day

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	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE
WASHINGTON

May 25, 1977

Secretary Bergland
Stu Eizenstat
Jack Watson
Bert Lance

The attached was returned in the
President's outbox and is forwarded
to you for your information and
appropriate action.

Rick Hutcheson

Re: Proposed Sugar Program

THE PRESIDENT HAS SEEN.
THE WHITE HOUSE
WASHINGTON

May 24, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
LYNN DAFT *LD*
SUBJECT: Proposed Sugar Program

A draft announcement of the new USDA sugar program is attached for your approval. You had asked Secretary Bergland to let you see it before it was made final. Upon your approval, these provisions will be published in the Federal Register with an invitation for comment.

Per your earlier instructions, the program will be effective with the 1977 crop. The eight different harvesting periods for the 1977 crop are described on page 2 of the proposed press release. Stocks remaining from the 1976 crop will not be eligible for payment. *good*

The other issue of some sensitivity is the magnitude of payment to be retained by the processor. The USDA guidelines require processors to pay the grower all the subsidy payment except a reasonable amount to be retained to cover administrative overhead, not to exceed 10 percent of the payment. The USDA feels some retention by processors is necessary to (a) secure processor participation and (b) comply with the legal authority.

We recommend that you approve the USDA guidelines as drafted.

Decision.

☒ Approve *[Signature]*
☐ Disapprove

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DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

ok
J.C.

May 24, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Bob Bergland
Secretary

B.B.

SUBJECT: Proposed Provisions of Sugar Program

You asked to see our proposals for operating the sugar program before they are announced.

A notice of proposed rulemaking must be published and interested parties given at least 30 days for comment.

I have attached the complete statement of proposed provisions. Our resolution of the two controversial provisions are noted below.

1. Payments will be made on sugar marketed after May 4 from the 1977 Crop. (Stocks in processors' inventories as of May 4 will not be eligible for payment.)
2. Processors are required to pay the grower all the subsidy payment except a reasonable amount to be retained by the processor to cover administrative overhead associated with the program. This is necessary to secure processor participation, but in no case may it exceed 10 percent of the payment.

*actual
costs*

Upon your clearance, the following provisions will be announced by the Department and published in the Federal Register.

Attachment

**Electrostatic Copy Made
for Preservation Purposes**

<i>John</i>	<i>QK</i>

intended

NEWS

U.S. DEPARTMENT OF AGRICULTURE

PROPOSED SUGAR PRICE SUPPORT PROGRAM OUTLINED BY SECRETARY BERGLAND:

WASHINGTON, May 23--Secretary of Agriculture Bob Bergland today outlined some of the proposed provisions of the sugar price support payments program. The program is being instituted in response to the request of President Carter in his decision announced on May 4.

The President requested the Secretary to institute the program on the basis of a strong belief that a viable domestic sugar industry is vital to the economic well-being of the American people. He decided that, pending the negotiation of an International Sugar Agreement, a program which offers payments of up to two cents per pound of sugar was necessary to assist U.S. producers and processors through the present period of low prices. These payments will help cover the costs of production.

The objective of the program is to support prices in the market place for sugarbeet and sugarcane growers through payments made to sugar processors. This is authorized by Section 301 of the Agricultural Act of 1949, as amended (7 U.S.C. 1447). The statute does not authorize the Secretary to make direct payments to the growers since such payments would not support the price which growers would receive in the market place.

The support price will be 13.5 cents per pound, raw sugar equivalent. This price was determined to be the level of support necessary to cover the average cost of producing and processing sugarbeets and sugarcane in efficient domestic producing areas. The program will be effective ^{with} ~~for~~ the 1977 crop year. Sugar in inventory from crops prior to 1977 will not be eligible for price support.

- more -

Applicants for all Department programs will be given equal consideration without regard to race, color, sex, creed or national origin.

The proposed program includes the following general provisions:

1. The 1977 crop year would be defined, by area, as sugarbeets and sugar-cane generally harvested during the following periods:

<u>Sugar Producing Area</u>	<u>Harvesting Period</u>
A. Mainland Beet	
All States, Excluding California and Arizona	September-November 1977
California, excluding southern area	June 1977 - February 1978
Southern California	March-August 1978
Arizona - lowland area	April-June 1978
Arizona - upland area	September-November 1977
B. Mainland Cane	
Louisiana	October 1977-January 1978
Florida	October 1977-May 1978
Texas	October 1977-May 1978
C. Hawaii	Calendar Year 1977
D. Puerto Rico	December 1977-July 1978

2. Raw cane sugar and refined beet sugar marketed from the 1977 crop on or after May 4, 1977, would be eligible for price support payments.

3. The basis of payment would be the difference between the U.S. weighted average price, raw sugar equivalent, received by processors each quarter from the sale of sugar in the market place and the support price of 13.5 cents per pound.

4. If the national average market price received by processors is less than the support price of 13.5 cents per pound, processors would be paid the difference up to a maximum of 2 cents per pound.

5. If the national average market price received by processors is more than the support price of 13.5 cents per pound, no government payment would be made.

6. Payment would be made on the quantity of sugar marketed by the processor each quarter, except that the initial "payment period" would cover 1977 crop sugar marketed from May 4 through June 30, 1977.

To be eligible for program payments, it is proposed that the grower and processor would have to comply with specified requirements. The proposed program would require that the:

1. Grower and processor have a written contract stipulating the grower's share of proceeds from the sale of sugar in the market place and the method of payment.

2. Processor pay the grower all the price support payment except a reasonable amount which may be retained by the processor to cover administrative overhead associated with the program. In no case may this amount exceed 10 percent of the price support payment.

3. Processor certify the quantity of sugar in inventory at the beginning of the 1977 crop harvesting period.

4. Processor certify and submit a report showing the quantity of sugar marketed from the 1977 crop each quarter and the actual proceeds received therefrom.

5. Processor certify that growers have been or will be paid in accordance with their contractual agreement before any price support payment is made.

The Department intends to include the provisions outlined by Secretary Bergland in a Notice of Proposed Rule Making to be published in the Federal Register in the near future. Interested persons will be invited to comment on the details before they are adopted.

- - - - -

THE WHITE HOUSE
WASHINGTON

May 25, 1977

Bert Lance
Stu Eizenstat
Bob Lipshutz
Jack Watson
Jim King

The attached was returned in the
President's outbox and is forwarded
to you for your information and
appropriate action.

Rick Hutcheson

Re: Meeting on Civil Service
Problems

THE WHITE HOUSE
WASHINGTON

*include copy of
my note of Pres's
comment*
R.L.

ACTION
FYI

<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON

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<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
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<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
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<input type="checkbox"/>	FALLOWS
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<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE
WASHINGTON

Mr. President:

Lipshutz, Watson and Eizenstat
concur with McIntyre's memo.

Stu adds: "It is important that
Cabinet member authority not in-
clude unilateral responsibility
for determining which depart-
mental positions will be desig-
nated as non-career. Such broad
based authority might make
Cabinet officers subject to the
charge that in changing positions
from career to non-career they
were "politicizing" these
positions."

---Rick

J. Edgar
J

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAY 20 1977

C

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntrye, Jr. *James*
Deputy Director

SUBJECT: Meeting on Civil Service Problems

As you requested, Mr. Lance, Dr. Alan Campbell and I met with about half the Cabinet members or their deputies to discuss the Civil Service issues which the Cabinet members have found most frustrating.

A number of follow-up actions are underway and planned:

1. One of the most urgent problems is that the Civil Service Commission (CSC) must approve the qualifications of people being appointed to non-career positions, just as it does for career positions. Some of the people Cabinet officers desire to appoint--especially women and minorities--sometimes lack the kinds of specialized experience that CSC has traditionally used in judging qualifications. As a result, the Commission has rated some of the selectees unqualified for the level desired or established during the prior Administration. It was suggested that an Executive Order might be issued to transfer responsibility for determining qualification requirements for these non-career positions from CSC to the agency heads. The Department of Justice is considering whether this can legally be done. If so, we can get a quick solution to one very troublesome problem.
2. Dr. Campbell is visiting the individual Cabinet officers to discuss specific case problems. He is working to resolve them and to identify prompt solutions to common problems.
3. Much of the rigidity in the civil service system stems from complex procedures mandated by laws and court decisions or the result of new social initiatives,

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such as affirmative action. Watergate era merit system abuses have intensified demands for stricter adherence to required procedures. The effort to find acceptable alternatives to these procedural restraints will be led by OMB and CSC as a special study of the civil service system--part of your overall reorganization effort. This project is being given a high priority.

4. We will propose to you shortly a number of measures in the civil service area that will demonstrate your interest in progressive personnel management. These will include a new program for identifying, developing, and preparing the best of our present career and non-career middle managers to assume executive assignments. We will also propose a new major program for recruiting top quality students who have specialized in the many public-service oriented graduate curriculums across the country.

THE WHITE HOUSE
WASHINGTON

Today

Date: May 20, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat

Bob Lipshutz *concur*

Jack Watson *concur*

FOR INFORMATION: The Vice President
Midge Costanza
Hamilton Jordan *hc*
Frank Moore

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Jim McIntyre memo 5/20 re Meeting on Civil
Service Problems.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 4:00 P.M.

DAY: MONDAY

DATE: MAY 23, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE
WASHINGTON

*Meeting on Civil
Service Problems*

ACTION	FYI
	/
	/
X	EIZENSTAT
	/
X	LIPSHUTZ
	/
	POWELL
X	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

X	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
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	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

Date: May 20, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat ✓
Bob Lipshutz ✓
Jack WatsonFOR INFORMATION: The Vice President
Midge Costanza
Hamilton Jordan
Frank Moore

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Service Problems.YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 4:00 P.M.

DAY: MONDAY

DATE: MAY 23, 1977

ACTION REQUESTED:

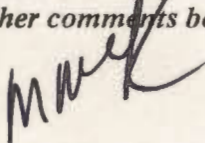
☒ Your comments

Other:

STAFF RESPONSE:

☒ I concur.☐ No comment.

Please note other comments below:

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Washington
Date: May 20, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Bob Lipshutz
Jack Watson

RECEIVED

77 MAY 21 PM 2: 51 303

FOR INFORMATION:

The Vice President
Midge Costanza
Hamilton Jordan
Frank Moore

XC *Cap*
Simmons

FROM: Rick Hutcheson, Staff Secretary

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TO THE STAFF SECRETARY BY:

TIME: 4:00 P.M.

DAY: MONDAY

DATE: MAY 23, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MAY 20 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntrye, Jr. *J. McIntrye*
Deputy Director

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THE WHITE HOUSE

WASHINGTON

May 23, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*
STEVE SIMMONS *JS*

SUBJECT:

Memo re Meeting on Civil
Service Problems

We support and encourage the steps being taken by the CSC which are outlined by Jim McIntyre in his May 20 memorandum, including visits by Chairman Campbell with individual Cabinet officers, the study to reduce unnecessary procedural restraints, developing middle managers for executive assignments, and recruiting public service oriented graduate students.

We strongly support the efforts described in point number 1 of the memo which are aimed at allowing Cabinet officers instead of the CSC, to determine qualification requirements for non-career positions. But it is important that any such Cabinet member authority not include unilateral responsibility for determining which departmental positions will be designated as non-career. Such broad based authority might make Cabinet officers subject to the charge that in changing positions from career to non-career they were "politicizing" these positions.) Cabinet officers can retain the authority to determine qualifications of people for positions, including the fact that they are women or members of minority groups, and this is not inconsistent with letting the CSC continue to play the key role in determining which positions will be designated as non-career.

THE WHITE HOUSE
WASHINGTON

May 25, 1977

Bert Lance -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Curtailment of Disability
Retirement Rights for
Federal & Postal Employees

THE WHITE HOUSE
WASHINGTON

5-24-77

Dent.

I presume

This is

accurate -

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Carter Getting Ready to Crack Down

By Joseph Young
Washington Star Staff Writer

The Carter administration is expected to propose to Congress a sharp curtailment of disability retirement rights for federal and postal employees.

The Civil Service Commission is now studying ways to make it more difficult for government workers to retire for disability and the Carter administration is expected to submit its proposals to Congress later this year.

About one-third of all government retirements are for disability. This has resulted in enormous additional costs to the civil service retirement fund.

The CSC is considering two approaches to cut down on disability retirement.

One would follow Social Security rules for disability retirement rather than the more liberal civil service policy now in effect.

UNDER PRESENT civil service retirement rules, employees may retire on disability if they are unable to perform the duties of their present jobs.

Under Social Security rules, however, employees may be eligible for disability retirement only if they are unable to perform any kind of work.

The CSC view appears to be that the law should be changed so that federal and postal workers would be subject to similar strict requirements.

Under this approach, departments and agencies would try to find other jobs for them, and only if it were determined that they were unable to do any kind of work would they be eligible for disability retirement.

The CSC also may seek to make more stringent the outside income rules on disability retirement.

At present disabled retirees may remain on the rolls as long as their outside income is below 80 percent of the salaries they drew as government workers. The CSC is considering reducing the 80 percent figure considerably so as to force more people off the disability retirement rolls.

Congress appears more than ready to act favorably on such proposals. The main reason Congress approved last year's tax eliminating or curtailment breaks for disabled retirees is unhappiness

Federal C

with present civil service retirement disability provisions.

* * * * *

AS THIS COLUMN predicted on Sunday, Emmet Andrews has been elected by the executive board of the AFL-CIO American Postal Workers Union to become the APWU's new president. He succeeds Francis S. Filbey who died last week.

Andrews is 60 years old and a native of San Francisco. He has been the union's director of industrial relations since 1972 and previously was a national vice president. Andrews is a hard worker with an easy-going personality and is well liked not only by his union colleagues but by the leaders of the various other federal and postal employee unions.

* * * * *

THE 0.8 PERCENT increase in April's consumer price index means that the next cost-of-living annuity raise for federal, postal and military retirees will be at least 3 percent.

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THE PRESIDENT HAS SEEN.

BUDGET STATEMENT DRAFT
5/25/77

Between 1974 and 1977, federal budget deficits have totalled \$184 billion. For the fiscal year 1978 budget, which the Congress is now considering, the projected deficit is nearly \$60 billion.

Yesterday afternoon, we had a budget review session, to discuss these trends and consider projected revenues and expenditures over the next few years.

At that meeting, we considered some of the proposals that have been made, in the Congress and by the administration, for new government programs. Nearly all of them are appealing ideas. Nearly all would help at least some of our people. Some of them--such as tax reform, welfare reform, and comprehensive health care systems--are basic commitments of my administration.

But if we passed all of them, it would add nearly

\$80 billion to the budget deficit by 1981. We cannot afford that much money. And that is why, among the many things we would like to do, we must begin to choose.

We must face this hard fact: there are limits to what the government can afford to do. We have no alternative but to set priorities among the many programs we would like to enact, and decide where our dollars will do the most good.

I know of no member of Congress who does not share this concern. I am even more certain that the American people want to bring our plans into balance with our resources. But we must make sure that somewhere in our system we have the ability to make the choices, set the priorities, and, when necessary, ~~to~~ say "no."

I have been working with the Congress to make these difficult ^(decisions) ~~choices~~, and will continue to work with them--especially in the next three weeks, as they consider the appropriations bills. But I must express my concern, to the Congress and the American people, about potentially serious

problems raised by these bills--such as the current education bill.

The administration has proposed maintaining our commitment to and funding for education, but shifting the priorities. We recommended transferring \$350 million from one program--Impact Aid--which supported areas that often were not financially hard-pressed, and adding to another program--Title I--that concentrated on areas and students with greater genuine needs.

The Congress accepted our proposed addition to Title I, and added another \$100 million to it. But so far the Congress has not agreed to cut any money from Impact Aid. That makes the education bill \$450 million higher than I believe we can afford.

I am also troubled by initial decisions the Congress has made on appropriations bills for water resources projects, energy research, and agriculture. In each case, the Congress has so far called for more spending in areas where I believe

we must hold the line.

I do not mean to criticize the Congress. I have served in a legislature myself, and I understand the pressures each member feels. When you have spent a great deal of time and energy developing a program and getting it passed, you usually think first about how to help that program, and worry later about cutting back somewhere else.

I understand these pressures, and I am optimistic about working with the Congress to set priorities for our nation. But I must say in all frankness that, if it becomes necessary, I will be willing to say "no"--even to politically attractive proposals. The importance of fiscal responsibility in our government leaves me no alternative.

85/20/77

and
given to
Bob Senalew

THE WHITE HOUSE
WASHINGTON

May 25, 1977

Bunny Mitchell -

The attached was returned in the
President's outbox and is forwarded
to you for a "brief" explanation.

Rick Hutcheson

Re: Federal City Council

X

THE WHITE HOUSE
WASHINGTON

please be brief

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ACTION	FYI
	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
X	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE
WASHINGTON

Mr. President:

Attached letter was requested
by Bunny Mitchell, and
drafted by Jim Fallows.

Rick

*Reason for it?
J*

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THE WHITE HOUSE

WASHINGTON

To Ambassador Sol Linowitz

I want to extend my best wishes to the Federal City Council at their spring board meeting. The members of this Council represent a broad spectrum of business and civic leaders working with public officials, without much publicity or unnecessary formality, to improve the quality of life in the District. The Council's projects in such areas as housing, redevelopment, transportation, crime and the environment have made Washington better, both for those of us who live here and for the millions of Americans for whom this capital city is a very special place.

Your experience as a businessman, public servant and diplomat has made you a distinguished president of this important body. I'm sure the Council will continue to play a significant role in addressing the complex issues of this city, and I'm pleased to continue the traditional relationship between members of my Administration and the Council.

Sincerely,

The Honorable Sol Linowitz
President
Federal City Council
The Madison Office Building
1155 15th Street, NW.
Washington, D.C. 20005

85/84/77

THE WHITE HOUSE
WASHINGTON

May 26, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

BUNNY MITCHELL *fr*

The Federal City Council is the leading private service organization in the District of Columbia. Cabinet Officers serve in an advisory capacity to the Council.

The attached letter extends your greetings at the Council's annual meeting and reflects your agreement with the partnership concept of government and the private sector working cooperatively to help meet community needs.

Attachment